

ADIA

2017 Review
Prudent Global Growth

Our Mission

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.

Contents

Overview

Our Mission	01
ADIA at a Glance	04
Managing Director's Letter	06
Our Cultural Values	11

Business Review

Investment Strategy and Planning	16
Investment Activities	19
Selection of External Managers	30
Investment Support	32
Risk Management	36

Governance

Relationship with the Government of Abu Dhabi	41
Governance	42
Board of Directors	46
Investment Committee	48

Our People

Managing ADIA's Talent	52
Working at ADIA Roundtable	56
Working at ADIA: An Inside View	62
Global Investment Forum 2017-18	64

www.adia.ae

ADIA at a Glance

ADIA manages a global investment portfolio that is diversified across more than two dozen asset classes and sub-categories.

OUR THREE CULTURAL VALUES GUIDE THE WAY WE WORK

1

PRUDENT INNOVATION

2

EFFECTIVE COLLABORATION

3

DISCIPLINED EXECUTION

ADIA's cultural values guide the way we work and the way decisions are made. They provide direction for how we think and behave as individuals and as a unified institution.

These values play a fundamental role in driving our people and the organisation forward to achieve long-term growth and business success.

See 'Our Cultural Values' on pages 11-13.

1,700 EMPLOYEES REPRESENTING MORE THAN 65 NATIONALITIES



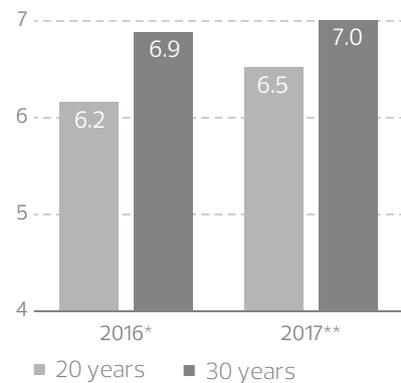
■ UAE	27%
■ Europe	30%
■ Asia-Pacific	21%
■ Americas	12%
■ Middle East/Africa	7%
■ Australasia	3%

ADIA's people are as diverse and international as our business, with more than 65 nationalities working together to create a collaborative environment that embodies our cultural values.

We strive to attract, develop and retain world-class talent, and to enable our people to realise their full potential.

See 'Our People' on pages 52-63.

ANNUALISED RATES OF RETURN



* As of 31 December 2016

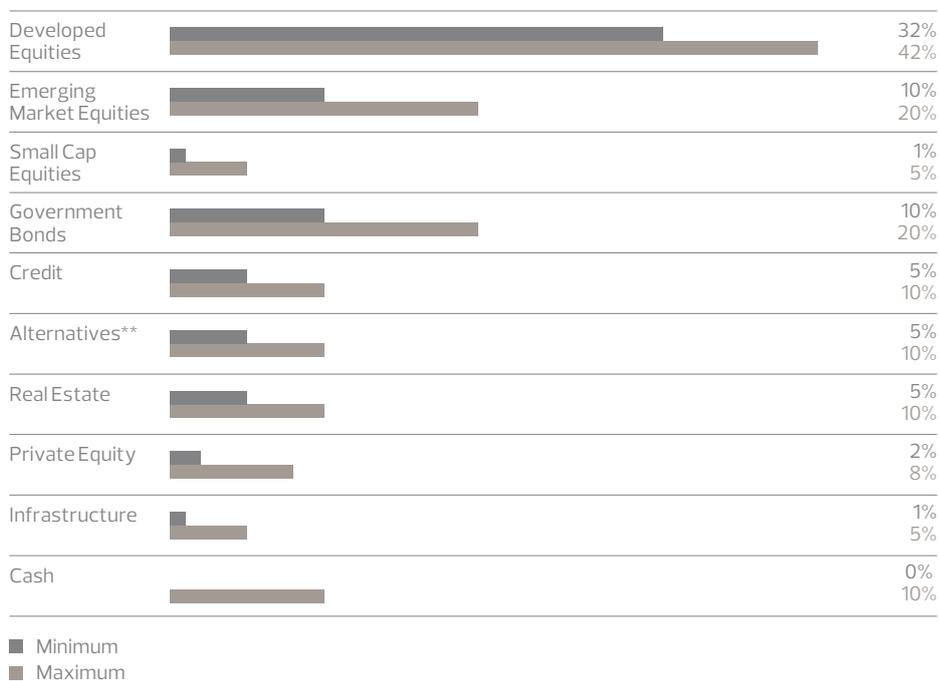
** As of 31 December 2017

Note: Performance for 2017 remains provisional until final data for non-listed assets is included.

In U.S. Dollar terms, the 20-year and 30-year annualised rates of return for the ADIA portfolio were 6.5% and 7.0% respectively, as of 31 December 2017.

Performance is measured based on underlying audited financial data and calculated on a time-weighted basis.

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.

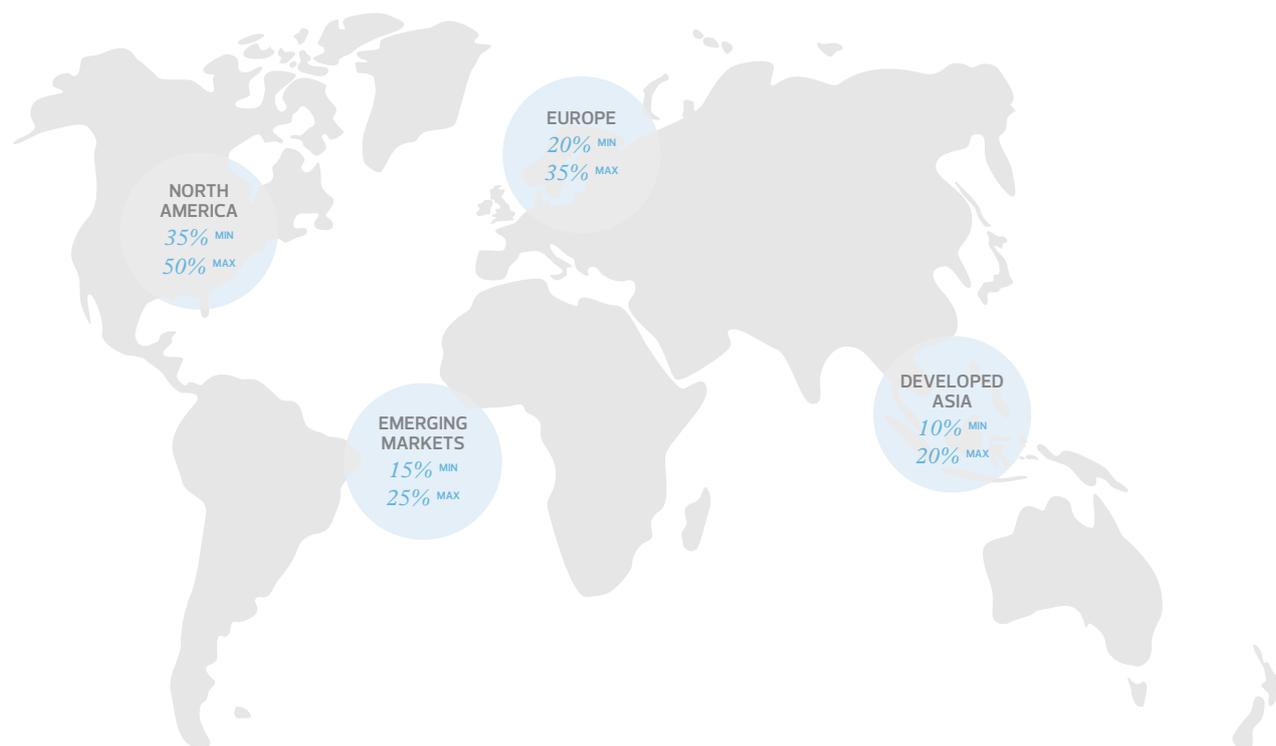
55%

of ADIA's assets are managed by external fund managers whose activities are subject to careful oversight by internal ADIA teams.

50%

of ADIA's assets are invested in index-replicating strategies.

LONG-TERM POLICY PORTFOLIO BY REGION*



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



Letter from Hamed bin Zayed Al Nahyan

Managing Director

ADIA continued to evolve and refine its organisational structure and processes in 2017, in line with one of its long held beliefs: that even during periods of relative calm, the underlying factors driving global markets are always changing, and often significantly, beneath the surface.

Among the defining themes for the year within ADIA was an intensified focus on strategy and planning. The wide-ranging initiatives we implemented in 2017 and our ongoing efforts in these areas will ensure that all parts of the organisation remain aligned with our

long-term objectives and vision. They will also enhance ADIA's ability to adapt swiftly to opportunities in this era of unprecedented technological change.

Since 1976, ADIA has invested through the ups and downs of multiple market cycles.

However, the mission with which we were entrusted 40 years ago, and which remains in place today, requires us to always look beyond short-term market conditions and guard against complacency – even in relatively benign market conditions such as those witnessed in 2017.

It is clear that the pace of change is accelerating, bringing with it substantial opportunities that impose upon us a responsibility to remain open minded and alert at all times. In doing so, we must remain cognisant that long-term success is achieved not through radical changes of direction, but through the thoughtful and measured pursuit of innovation and change that delivers sustainable benefits without undue risk. Our experience over the years has shown that being first is less important than being confident that the choices we make are built on sound analysis and will deliver benefits for years to come. While few things are certain in

financial markets, this approach ensures that we, as an organisation and as individuals, have the confidence to move forward swiftly and in a coordinated way to fulfil our shared objectives.

During 2017, ADIA was as focused on self-development as it was on external factors. This included the creation of the Strategy and Planning Department (SPD), tasked with implementing an ADIA-wide planning process to ensure our activities continue to align with ADIA's mission and long-term objectives.

SPD brings together and is responsible for further developing a number of existing functions, from investment strategy, asset allocation, risk management and research, to project management, organisational development and communications.

Among its responsibilities, SPD seeks to foster ongoing internal debate around ADIA's fundamental assumptions and strategic priorities, taking into account changes in the investment environment. It aims to streamline ADIA's structure and processes to reduce complexity and ensure our people have the resources and direction they need to execute effectively on our mission.

In 2017, SPD was involved in further advancing ADIA's Risk-Return project, to create a comprehensive framework that guides ADIA's allocation of risk to investment departments.

This project began in 2016 with the formalisation of our Reference Portfolio, a hypothetical blend of publicly traded securities with fixed weightings. Last year, we went further by consolidating a large number of investment pools, or portfolios, within our departments into single pools; sharpening our focus on the overall performance of each asset class and its consistency with ADIA's return objectives. The move has given our departments greater discretion in how they deploy the capital and risk they have been allocated, to best achieve their performance targets.

There were also a number of adjustments within our departments during 2017. For several years, our Private Equities Department has been

increasing its emphasis on principal private equity investments alongside our partners. In 2017, the Department reorganised itself to better support this strategy, moving from product-focused to regional teams with an emphasis on building sector expertise in five key sectors: Financial Services, Healthcare, Industrials, Technology and Consumer.

Also building on the work of previous years, the Fixed Income & Treasury Department took further steps to diversify its portfolio and combine active risks across market segments. This involved expanding its diversified approach across a larger asset base within its operating model, providing investment teams with a larger pool of actively managed assets, while reducing operational overheads.

“The wide-ranging initiatives we implemented in 2017 and our ongoing efforts in these areas will ensure that all parts of the organisation remain aligned with our long-term objectives and vision.”

In keeping with ADIA's focus on innovations with long-term potential, the Internal Equities Department conducted a study and peer review process into how big data, machine learning and artificial intelligence are changing the investment landscape. The findings of this analysis resulted in the adoption of several initiatives relating to data capture and storage, stock analysis and factor exposures, which have made us more efficient and improved our ability to identify opportunities.

In investment support, the Operations Department completed a valuable benchmarking exercise involving 35 of its global peers that identified several opportunities to improve organisational efficiency and its ability to improve performance within its securities lending activities.

On the investment front, ADIA continued to take advantage of cyclically high prices in some areas to selectively sell assets, while seeking out opportunities in overlooked fields with greater potential.

As in previous years, emerging markets remained a key focus, particularly India and China, as we sought to build further on our knowledge and deepen our relationships in these markets.

In India, ADIA was proud to work closely with and become the first investor in the Indian government-backed National Investment & Infrastructure Fund (NIIF).

Having spent a number of years building its internal capabilities, 2017 was a year of consolidation for ADIA on the recruitment front, as we sought to fine tune our skillset to meet specific needs. The Internal Equities Department, for example, made new appointments to its Europe and Japan teams and to the Department's support functions, while Private Equities appointed a new Head of Asia-Pacific and Head of Industrials as part of its organisational redesign.

Consistent with our focus on the themes and issues shaping financial markets over the long term, ADIA's 2017 Global Investment Forum (GIF) examined climate change and its potential investment impact. The GIF involved the creation of eight internal asset class-specific task forces who considered in detail the potential ramifications for ADIA in the following key areas: Climate Data and Economic Impact, Technology and Energy, Markets and Consumers, and Climate Change Policies.

In all, 2017 will be remembered at ADIA as both an eventful and rewarding year during which the organisation demonstrated its discipline in remaining focused on its mission and its pursuit of continuous improvement. I am proud of the significant progress that ADIA has made, not just in pursuing excellence, but in doing so in a thoughtful and responsible way that positions us well for the future.

KEY

HIGHLIGHTS

Strategy and Planning Department created, to ensure ongoing alignment of activities with ADIA's mission and long-term objectives.

Important progress made on the Risk-Return project, a comprehensive framework that guides ADIA's allocation of risk to investment departments.

Successful reorganisation of the Private Equities Department to support its increased emphasis on principal investments.



REVIEW OF 2017

Investors were cheered by another strong performance by financial markets in 2017, while a number of underlying, long-term trends continued to gain in prominence and stimulate debate, including demographic shifts, the impact of technology and climate change.

In investment terms, 2017 provided a reminder of the ability of capital markets to surprise – in this case, in a positive way. Global equity markets appreciated close to 25% in U.S. Dollar terms. Even with lacklustre results from global bonds, balanced portfolio returns reached high double digits.

“Rising geopolitical risk” was a common refrain last year, but few of these risks materialised into actual events that impacted economies, allowing most

major markets to respond by recording their best performance of the post-financial crisis expansion.

Good returns were widespread across equity markets and credit-sensitive bond markets, with 22% returns in U.S. equities, 25% in other developed markets, and over 37% in emerging markets. U.S. Treasuries returned only about 2% for the year; a solid outcome given global growth rates. But both U.S. high yield debt and global investment grade bonds returned 7.5% as credit performed well and the U.S. Dollar depreciated significantly.

In early 2018, conditions in the global economy appeared relatively robust. Growth was well balanced across regions and was benefitting workers in many economies, while the most

common causes of recessions – above-target inflation and monetary restraint – remained absent. Central banks and other policy makers have begun to rein in the expansionary policies of the past several years but have done so to date in a cautious and measured way. Nonetheless, equity markets suffered bouts of volatility in early 2018, perhaps anticipating a more challenging environment in the year ahead. Given low volatility in 2017, some normalisation would not be surprising.

Of course, markets have cycles, and risk factors can always be identified: high levels of debt as well as inequality of income and wealth are often cited. But these are more secular concerns rather than factors that typically put a brake on good cyclical performance.



OUTLOOK

The experience of 2017 could lead to the view that market forecasting is of little value, and may even be dangerous if it results in unnecessary caution that dampens returns. That would be the wrong conclusion to draw. Economies and markets do have cycles. While it is clear that asset prices were locked in an especially benign up-cycle throughout 2017, we know that while such periods may continue for some time, they will eventually turn. Trying to time markets is extremely difficult, and dangerous, for large and diversified global investors. A more practical approach is to view cycles as opportunities, and to prepare strategies that limit drawdowns and provide sufficient available capital to take advantage of lower asset prices when markets turn lower. Experience has shown us that this approach is most likely to result in long-term and sustainable wealth accumulation.

More importantly, there are always trends hidden beneath cycles. Identifying those trends, and positioning to profit from them across cycles, is more likely to result in consistent, long-term returns than attempting to time the market.

Ageing populations will have a gradual yet significant impact on most Western societies, notably by imposing declining work forces and rising pressures on their government spending.

Emerging markets continue to expand their share of the global economy. More importantly, their governance and engagement with the world continue to improve. The introduction of GST in India and continued reforms of financial regulation in China are only two recent examples of this trend.

The world's energy industry is in the early stages of a fundamental shift from fossil fuels to a more sustainable reliance on a range of renewable technologies. At ADIA, we went through a thorough review last year of the important reality of climate change and of its potential impact, in order to assess how markets and governments could respond to this impending transition.

The exact paths of this process remain to be seen, but we are excited by the opportunities that are coming into view, and others that are sure to arise, to deploy capital in support of new fields of investment.

Technology is also driving powerful changes in economies and markets. One need only look at the performance of technology across global equity markets last year to recognise that something is stirring. This technology boom is based on real improvements in computing power to process and analyse exponentially growing volumes of data. It underpins real businesses that are growing revenues, market share, and earnings. The societal changes range from retailing to automobiles, from medicine to legal services. Also, importantly, our own business of investing is absorbing new tools and approaches that can improve abilities to identify opportunities and manage risk.

Finally there are the geopolitical risks that always feed into investment commentary. A long view of investment history shows that there are always geopolitical risks. Only by looking objectively into the past does it become clear that current risks are not unusually important, or more prevalent, than in other periods. History also has shown that humanity is resilient. While economic and political breakdowns do happen, the global system survives and a well-diversified portfolio can perform in the way that it was designed and meet its objectives even in difficult periods.

This is not a call to complacency, as changes now underway have the potential to impact the investing climate for many years to come.

However, we remain confident that these "risks" all contain elements of opportunity, which provides long-term investors with cause for optimism even as the current economic cycle approaches maturity.

The Louvre Abu Dhabi opened to the public in 2017, displaying an extensive collection of art and artefacts dating from ancient times to the present day. Designed by Pritzker-prize winner Jean Nouvel, the museum links 55 individual buildings, including 26 galleries, under a domed roof inspired by traditional Arabic architecture. Images of this new cultural landmark are featured throughout the 2017 ADIA Review.



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. During that time, we have seen steady improvements in how they are applied within ADIA as indicated

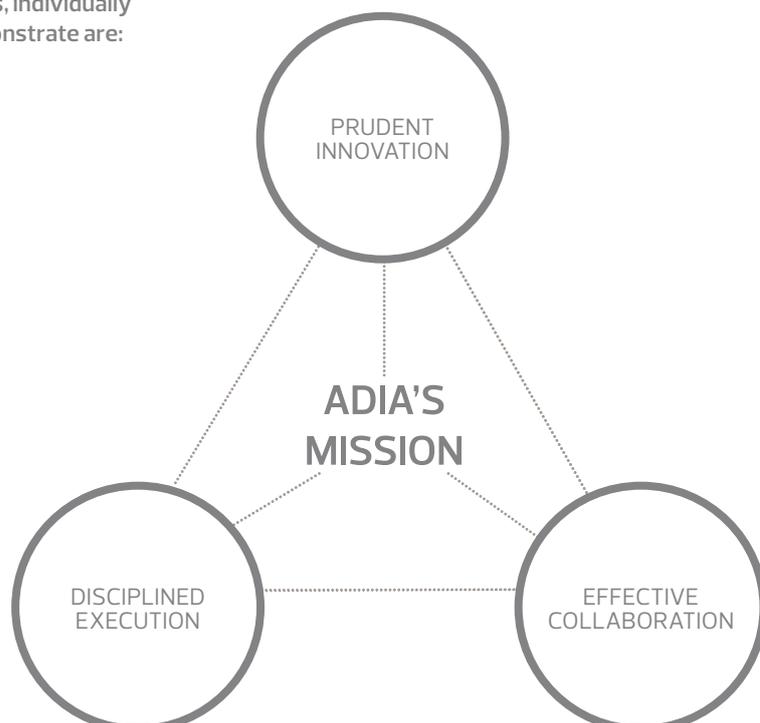
by our annual Employee Opinion Survey and by numerous examples of our people incorporating them into their day-to-day work.

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.

ADIA'S CULTURAL VALUES

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



PRUDENT INNOVATION

At ADIA, we encourage our people to improve investment performance and overall organisational effectiveness through a continued commitment to prudent innovation. Through the culture of prudent innovation, we 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 wherever they may be found. 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, prioritising, interpreting, sharing 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. We also encourage people to effectively share the most relevant information and ideas that contribute most to investment and business results.

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. Holding ourselves accountable for accomplishing goals that are aligned with department and ADIA-wide objectives inevitably leads to greater performance. Thus, 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.



Business Review

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.



Investment Strategy and Planning

ADIA has a disciplined investment strategy that aims to generate stable returns over the long term within established risk parameters, supported by a comprehensive, institution-wide planning process

ADIA's strategy and planning activities work in tandem, aligning organisational priorities with investment objectives through the ADIA Wide-Planning (AWP) process. Our approach ensures that ADIA's investment activities are closely tied to its short, medium and long term goals.

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, developed to define the desired amount of market risk that should be accepted over the long term.

The Strategy & Planning Department (SPD) 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.

In accordance with ADIA's prudent governance structure, SPD's strategic asset allocation recommendations are submitted to the Investment Committee and ultimately the Managing Director. If approved, funds are allocated to the respective investment departments, which are responsible for implementation in line with their mandates, benchmarks and guidelines.

Through an ongoing assessment process, ADIA's investment strategies are continuously streamlined to enhance performance. This includes proposing new strategies to expand ADIA's investable universe and identifying medium-term tactical opportunities for generating returns in excess of those achieved by the Strategic Portfolio, while maintaining ADIA's target risk profile.

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 where potential opportunities and trends arise.

As a result, ADIA has built an investment strategy that is not based simply on asset class or geographic allocations but one that is robust,

flexible 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 explore sector-based or thematic investments with attractive risk and return characteristics.

The development of ADIA's investment strategy is guided by and closely tied to the AWP process. Three inter-linked disciplines – Strategy Planning, Organisational Planning and Execution Planning – work together to ensure ADIA adopts a coordinated, proactive and forward-looking approach to strategic and organisational change.

This process aims to promote discussion around fundamental assumptions and strategic priorities, align ADIA's culture, people, information, structure and process with the institution's objectives, and support departments with their implementation of agreed strategies and organisational improvements.

Strategy & Planning Department

The Strategy & Planning Department (SPD) is responsible for ensuring that ADIA's activities remain closely aligned with its mission and long-term objectives. SPD is divided into the following functional areas:

Investment Strategy develops a diversified strategic asset allocation in line with ADIA's mission and investment goals, adding value through tactical asset allocation and by advising ADIA's leadership on features and trends in capital markets.

Portfolio Construction provides quantitative and operational support to the Investment Strategy processes. It also develops, maintains and improves portfolio optimisation, portfolio simulation and back-testing tools.

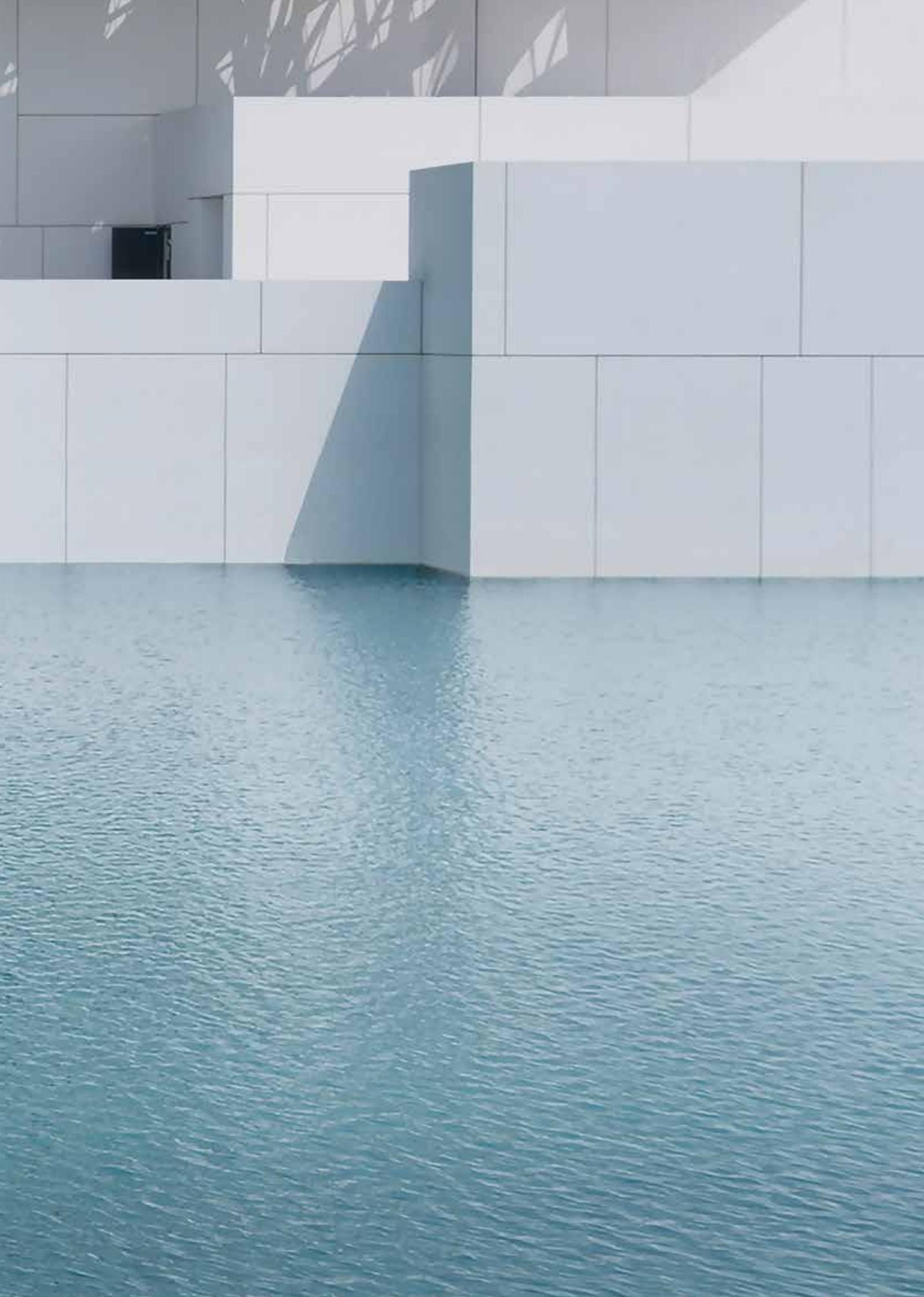
Investment Risk is responsible for understanding and analysing ADIA's exposure to market, investment, liquidity and country risks, and providing input into ADIA's investment guidelines.

ADIA Global Research produces insightful research and analysis on economic, energy and political Issues, sharing this with ADIA's leadership and stimulating debate across the organisation.

Organisational Development works to design and improve ADIA's organisational capabilities, including its governing committees, in order to implement its mission and achieve its investment goals.

Project Management Office is responsible for supporting ADIA's strategic objectives through the design and implementation of sustainable change projects across the organisation.

Corporate Communications & Public Affairs provides wide-ranging communication support to ADIA's leadership and departments. Its mission is to protect ADIA's reputation, build internal and external understanding of its activities, and strengthen stakeholder relationships.



Investment Activities

ADIA's investment departments are responsible for building and managing investment portfolios within the parameters set for them through the asset allocation process. These investment departments, which invest across multiple geographies, have discretion over the origination and recommendation of investment proposals.

ADIA places great importance on preserving the reputation it has built over the past 40 years as a trusted and responsible investor and partner. In keeping with ADIA's prudent culture, investment proposals are subject to rigorous analysis at a departmental level, and in collaboration with numerous support functions, to ensure that they satisfy our internal risk and return requirements before being recommended for implementation.

ADIA invests into global markets either directly through its internal investment teams, or through external funds.

ADIA's equities, fixed income and alternatives departments operate a series of mandates under which they are able to invest across different asset types in line with pre-approved guidelines. These mandates are regularly reviewed and modified, or added to as needed in order to reflect market developments or take advantage of shifting trends. For illiquid asset classes such as real estate, infrastructure and private equity, investment professionals are responsible for originating and recommending asset or sector specific investment opportunities.

ADIA's Investment Committee is responsible for the review of all major investment proposals. If approved, responsibility for deal execution and ongoing portfolio management rests with the relevant investment department.

Once an investment has been made, progress and performance is monitored by the investment department alongside a number of support functions, and updates are provided over time to the Investment Committee.

OVERVIEW

Investment Departments:

- 1 Indexed Funds
- 2 Internal Equities
- 3 External Equities
- 4 Fixed Income & Treasury
- 5 Alternative Investments
- 6 Real Estate & Infrastructure
- 7 Private Equities



INVESTMENT ACTIVITIES

Equities

Indexed Funds Department

The Indexed Funds Department manages the largest proportion of ADIA's equities with the objective of achieving index returns with the flexibility to add value within approved guidelines.

Indexed Funds comprises two teams: External, which oversees the activities of external investment managers who manage the majority of the assets allocated to Indexed Funds by ADIA; and Internal, which directly manages the remaining assets. Both the External and Internal asset pools are subject to close monitoring and strict guidelines to ensure objectives are met and risk is controlled. The Indexed Funds Department is supported directly by its Risk, Research and Operations teams, and governance is provided by the Department's Executive Committee.

Internal Equities Department

The Internal Equities Department invests directly in global equity markets and actively manages these investments in order to generate returns that outperform the relevant benchmarks.

Internal Equities identifies investment opportunities based on bottom-up fundamental research, focusing on companies' structural value propositions.

The Department manages multiple internal active portfolios that are organised by geography, sector and/or theme. It utilises a fundamentals-driven, research-based stock selection approach that seeks to generate alpha within predefined risk parameters. Each team is led by a portfolio manager, backed by a deputy, and consists of analysts as well as sector and/or country specialists.

External Equities Department

The External Equities Department oversees the activities of external investment managers who employ active strategies to invest in global equity markets. External Equities constructs and manages a single global equities pool consisting of multiple external managers, overseen by internal portfolio managers with regional specialisations and an objective to outperform the benchmark within a predetermined set of investment guidelines.

The internal portfolio managers seek to identify the best external managers in global markets to generate sustainable outperformance. The Department conducts extensive due diligence on a qualitative and quantitative basis, which includes multiple engagements with prospective managers. Throughout this process and post-appointment, External Equities requires maximum transparency from its external managers, with portfolio monitoring conducted on a continuous basis.

2017

REVIEW OF THE YEAR

Global equity markets built further in 2017 on their multi-year run of positive returns, supported by synchronised global growth translating into steady corporate earnings appreciation continued expansionary support by central banks and abundant liquidity from investors lacking attractive alternatives.

Even as valuations reached new highs in many markets, sentiment remained underpinned by positive earnings surprises and corporate activity. Toward the end of the year, U.S. markets were boosted further by the expected passage of a tax reform package.

The S&P 500 put in its best first-half performance since 2013, before finishing the year 22% higher, helped by continued outperformance of technology stocks. More broadly, the MSCI AC World Index gained 24% with Information Technology, Materials, Industrials and Consumer Discretionary sectors all performing well. It was a particularly strong year for emerging markets, with the MSCI Emerging Markets Index rising 37% during 2017.

The short-term outlook for global growth remains positive. The prevailing interest rate environment, ample liquidity and narrower credit spreads during the course of 2017 have combined to create conditions at the start of 2018 even more conducive to growth than those of a year ago.

In the U.S., a virtuous circle of economic conditions should support continued growth, as tight labour conditions lead to wage inflation, which in turn should underpin consumption and result in increased hiring. In this environment, companies are likely to expand capacity

and investment spending, and positive signs were already emerging on this front at the end of 2017. The Evercore ISI Company Surveys, for example, showed the number of U.S. firms planning to increase capital expenditure had risen to a post-recession high.

The Euro area economy was a positive surprise for investors during 2017, while corporate balance sheets improved and credit growth accelerated. This in turn fueled a rebound in European business confidence and investment, with the German IFO business confidence index ending the year just off its record high after strong gains over the year.

The Japanese economy ended 3Q 2017 with its seventh consecutive quarter of positive sequential growth, the longest streak in 16 years, and an annualised growth rate of 2.5%. The outlook for Japan remained positive at the start of 2018, with exports recovering and both its manufacturing and non-manufacturing PMIs at near record-high levels.

In China, economic growth slowed slightly as the year progressed, but remained robust. Real-time measures of industrial activity such as railway freight traffic, excavator sales and electricity production were growing at a healthy pace in early 2018, with exports also accelerating due to a weaker currency and stronger global growth. This, together with increased demand for consumer goods and property and growth in industrial output, has fed through to producer prices. Higher selling prices, in turn, have fueled a rebound in industrial company profits, which should support business capital spending in the first half of 2018.

While economic conditions remain relatively supportive, the short-term outlook for equity markets is less certain.

With global equity markets having already posted high double-digit returns since 2016, it would appear to be a matter of time before attention reverts to fundamental issues such as record high corporate debt levels, and the sustainability of earnings growth. Potential triggers could be the continued unwinding of monetary stimulus in the U.S., Europe and China, rising interest rates in the U.S. or U.K., or sudden, unexpected geopolitical developments.

KEY DEVELOPMENTS

Internal Equities continued its selective recruitment during 2017, which resulted in new appointments to the Europe and Japan mandates and to the department support teams. The Global Sector Research teams, meanwhile, continued to produce research that supported the investment decision-making process, both within the Department and across ADIA as a whole.

Internal Equities conducted a study in 2017 on how Big Data, Machine Learning and Artificial Intelligence are changing the investment landscape, following a peer-review process that highlighted the varying level of industry response to technology advances.

This resulted in the adoption of several initiatives relating to data capture, data storage, stock analysis and factor exposures, which have improved operational efficiencies and will be used to highlight investment opportunities. The Department also used the exercise to improve its Market Information Systems usage and the way it stores, manages and disseminates proprietary research data.

In keeping with ADIA's emphasis on developing its UAE National talent, a number of UAE National trainees were placed into roles across Internal Equities in 2017 as part of ADIA's Early Career Development programme.

In External Equities, meanwhile, the Department completed a review and restructure of the various exposures that constitute its single investment pool. This work analysed long-term structural shifts that will impact active funds management and identified the Department's strategic opportunities to achieve excess returns across its exposures. The team also began a project to explore ways to further leverage existing research and resources to deliver additional outperformance for ADIA.



INVESTMENT ACTIVITIES

Fixed Income & Treasury

The Fixed Income & Treasury Department serves multiple functions, which include managing ADIA's liquidity needs and cash investments in the short-term money markets, as well as managing its portfolio of investments across a broad range of fixed income securities. The Department's objectives are to meet ADIA's liquidity needs and to obtain returns matching or outperforming its respective fixed income benchmarks through disciplined execution while maintaining an acceptable level of risk.

The Department's fixed income allocation is managed both internally and through external managers, with a goal of maximising returns while adhering to strict investment guidelines. Fixed Income & Treasury investments can be grouped into five broad categories: global government bonds, global inflation linked bonds, emerging market bonds, global investment-grade credit and non investment-grade credit. The Department also has a dedicated Treasury function, which monitors ADIA's liquidity needs and aims to preserve capital while ensuring access to daily and short-term liquidity.

All are supported internally by an operations team, which provides operational support and infrastructure to the department and works closely with other support functions across ADIA, and a risk team, which is responsible for identifying and evaluating risks at a departmental level and feeding its analysis into ADIA's broader risk management framework.

2017

REVIEW OF THE YEAR

Fixed income markets in 2017 were characterised by their stability, with global interest rate, equity and credit spread volatility all at decade-low levels.

As in the past, the steady, low-yielding environment acted as a spur to risk taking, with the main beneficiaries of fund flows being either non-U.S. Dollar sectors, such as emerging market local debt, or those offering higher yields such as U.S. high yield bonds.

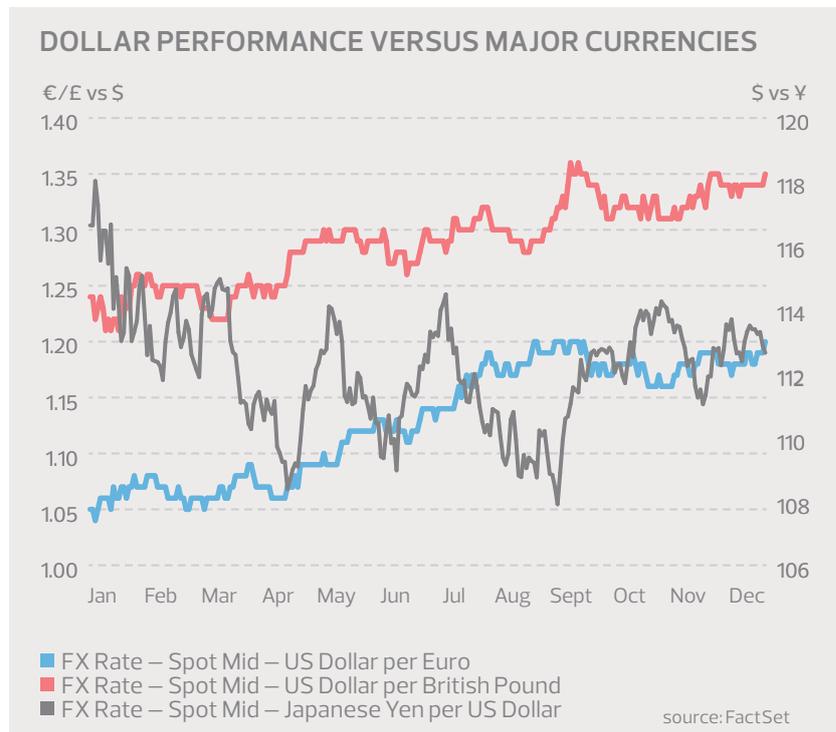
The factors driving last year's benign fixed income landscape were primarily healthy economic growth, stimulative global monetary policies, low actual and expected inflation, and strong demand for assets with higher yields. Political uncertainty in Europe and the U.S. flared up throughout the year but the effect on markets was temporary, overshadowed by supportive monetary policies.

Interest rates ended 2017 close to multi-decade lows in most non-U.S. markets. German 10-year notes closed at roughly 0.35%, Japan at 0% and the U.K. at 1.25%. The U.S. Government market, meanwhile, saw a pronounced mid-to-late cycle flattening of the yield curve, as healthy economic growth began to feed into expectations of tighter monetary conditions. Yields for 10-year notes fell by 0.10% while 2-year note yields increased by approximately 0.50%.

Currency markets saw the greatest absolute volatility during 2017, with the U.S. Dollar coming off its highs at the start of the year to lose around 9% versus the Euro, 3% versus the Yen and 4% relative to a basket of emerging market currencies. The Dollar's decline was driven in part by large speculative flows as global growth expectations improved throughout the year. By the end of 2017, however, prospects for the Dollar remained supported by a large and growing positive interest-rate differential versus other global markets, and a historically large speculative short position in the USD.

Credit markets turned in another strong performance for 2017, led by unhedged Euro credit, emerging markets and high yield. Returns for the year ranged from 6% in U.S. investment grade credit to 17.7% in unhedged Euro credit. The combination of modest economic growth, low projected default rates and a widespread demand to add higher-yielding sectors of the market provided strong support for credit in general and higher-yielding sectors in particular.

2017 will likely be viewed as the year that marked the beginning of the end of global quantitative easing, at a time of relatively full valuations in both yields and credit spreads. As markets transition away from their dependence on central bank support, investors can expect valuation levels to revert to more normal levels, with wider spreads and higher yields, along with modestly higher volatility.



KEY DEVELOPMENTS

Over the past two years, Fixed Income & Treasury has successfully implemented a diversified portfolio within its mandate, in order to increase active risks across market segments. In 2017, the Department began expanding its diversified approach across a larger asset base within its operating model, providing the investment teams with a greater pool of actively managed assets, while reducing operational overheads. This, in turn, increased productivity and reduced complexity.

The success of the strategy was demonstrated in 2017, as the treasury, internal and external fixed income

teams produced strong relative returns against their multi-beta investment strategies.

Also during the year, Fixed Income & Treasury conducted research on style factor investing, applying an equity-type strategy of selecting the four most reliable factors of generating outperformance – quality, momentum, size and value – to fixed income securities. This was implemented within the Department's High Yield and Global Government Bond mandates.

The Department is currently in the process of working with various stakeholders to review its guidelines and plans to implement key changes supporting the evolution of its operating model during 2018.

INVESTMENT ACTIVITIES

Alternative Investments

The mandate of the Alternative Investments Department is to invest in liquid, non-traditional funds employing strategies that seek to diversify and enhance risk-adjusted returns in ADIA's overall portfolio.

The Department's externally managed investment vehicles include discretionary hedge funds, systematic hedge funds (commodity trading advisors and multi-strategy, quantitative funds) and Emerging Opportunities. The team's hedge fund mandate includes macro, relative value, event-driven and equity hedge strategies.

Alternative Investments is responsible for identifying, vetting and engaging investment managers who can best fulfil its mandates, while continuously monitoring and evaluating their performance and portfolio fit.

The Department also has an internally managed portfolio with a small allocation to a limited range of systematic strategies.

Hedge funds employ strategies that are mainly driven by discretionary investment themes, take both long and short positions, and use varying degrees of leverage to produce unique risk/reward profiles. Systematic hedge funds, meanwhile, execute strategies that employ a wide range of quantitative techniques to trade equities, commodities, fixed income and currency markets worldwide, principally in futures and foreign exchange markets. Other systematic strategies use advanced modelling and data-capture techniques to exploit various anomalies with varying degrees of emphasis on fundamental and technical inputs.

2017

REVIEW OF THE YEAR

Financial markets were characterised by low volatility in 2017, supported by better than expected global economic growth, favourable outcomes in European elections, stability in China and the gradual normalisation of monetary policy by central banks. In equities, both developed and emerging markets enjoyed double-digit returns, with growth stocks performing well. Bond markets were range-bound, while most credit instruments rallied on economic growth and interest rate stability. Commodity market performance was mixed with economically-sensitive commodities such as oil and copper enjoying strong recoveries as the global growth theme spread worldwide in the second half of the year. The Dollar weakened significantly and steadily over 2017 and only began to stabilise when the expected fiscal expansion in the U.S. gained traction in the third quarter and political uncertainty emerged in Germany.

However, one of the most notable factors in 2017 was how immune market outcomes were to political events and geopolitical tensions. A long list of potentially destabilising events were absorbed and new highs reached as the markets remained focused on favourable growth and liquidity conditions.

Given the positive equity market performance during the year, equity-linked hedge fund strategies benefitted with many managers outperforming long-only, broad-based passive indices for the first time in many years. Returns were driven by prescient stock selection in a low correlation, high dispersion and thematic environment for equities.

M&A and other corporate events provided additional opportunities for returns in 2017, particularly for high yield strategies. With its broad diversification of strategies, the Alternative Investments Department reported a positive performance in 2017, with particularly strong contributions from equity hedge and event-driven strategies.

Among systematic funds, the first half was generally weak as trend-followers adjusted to the changed growth environment. However, this was followed by a strong second half as portfolios embraced emerging trends from growth-sensitive underlying assets, particularly equities, oil and copper. As in previous years, the Department's CTA mandate recorded a positive outcome in 2017, due in large part to its strategic diversification into non-trend, systematic, multi-strategy managers with models focused on fundamentals, unique data sources and advanced algorithms. Having enjoyed a strong end to 2016 following the U.S. presidential election,

discretionary macro managers were generally slow to unwind their long Dollar, short bond bias. This impacted Dollar/Euro positions while short bond positions suffered in 2017's benign interest rate environment. The macroeconomic backdrop was favourable, however, for emerging market currencies, rates and equities, with good performance reported by most managers in this segment. Conditions entering 2018 appear more favourable for this strategy given the stage of the business cycle and the potential for new policies to emerge from central banks to deal with surging growth and potential inflation.

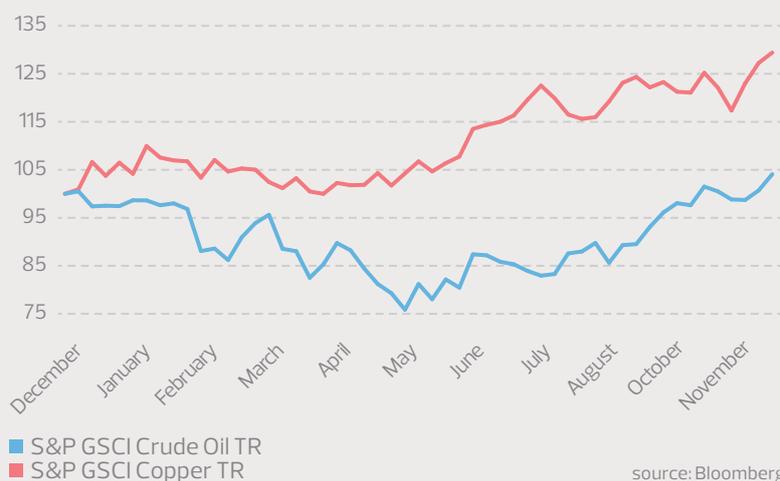
Relative value managers reported positive, steady results, taking advantage of mispricing and adequate volatility in and among sovereign bonds, credit and their derivatives, and also in select cross-asset class opportunities. Structured credit stood out as well-engineered; hedged strategies in residential and commercial-backed mortgages and their derivatives proved successful.

The outlook for 2018 is dependent on a number of factors, including the path of U.S. interest rates under new Federal Reserve leadership, the continuation of strong, non-inflationary growth and whether geopolitical events continue to have little impact on market outcomes. The electoral calendar is busy, with important elections in Italy, the U.S. and elsewhere. However, it appears that the persistent low volatility, high correlation markets of the post-2008 era are drawing to a close, providing a favourable market backdrop for most hedge fund strategies.

KEY DEVELOPMENTS

Following the expansion of the Department's investment universe in 2016 with the introduction of the Emerging Opportunities mandate, our priorities in 2017 included the continued development of our talent, processes and performance. The Department made several new hires in the hedge funds and operations teams, while a new training regime was introduced to provide career development opportunities for recent UAE National graduates.

INDEXED CRUDE OIL AND COPPER RETURNS 2017



INVESTMENT ACTIVITIES

Real Estate & Infrastructure

The Real Estate & Infrastructure Department is responsible for building a globally diversified portfolio of real estate and infrastructure assets, each with their own dedicated teams.

The Department is staffed with a broad mix of experienced professionals and has a mission to provide ADIA with the diversification benefits of real estate and infrastructure investing by establishing and maintaining a portfolio to achieve attractive total returns over the long term. Identifying, pricing and managing risk is paramount in its investment approach.

In real estate, the Department executes its business plan through a collaborative approach that includes joint ventures with experienced local partners as well as third-party fund managers, whose performance is monitored by ADIA's in-house team. It employs a flexible strategy focusing on global relative value and market cyclicity that allows for investing across a variety of real estate asset types and also at various entry points in the capital structure.

In Infrastructure, the core focus is on assets with strong market-leading positions and relatively stable cash flows, including utilities, transport infrastructure and energy infrastructure. The primary strategy is to acquire direct minority equity stakes alongside proven financial and strategic partners, with an emphasis on developed markets but also an increasing focus on emerging markets. An ability to invest via externally managed funds, the listed market as well as mezzanine debt, complements the strategy. The Infrastructure team does not seek to control or operate the assets in which it invests.

2017

REVIEW OF THE YEAR

Despite a backdrop of continued geopolitical concerns, the synchronised upturn in global economic growth during 2017 was generally supportive of real estate fundamentals. Capital remained readily available, asset prices were driven to record highs by the continued demand for income and property yields reached record lows in most developed markets. Yet, commensurately low government bond yields supported the thesis that real estate as an asset class is not overvalued when assessed using its long-term spread to risk-free rates.

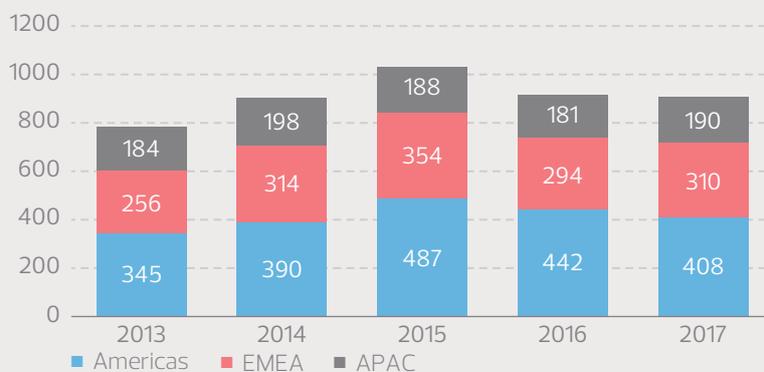
However, transaction volumes continued to trend down during the year, as investors became increasingly selective and the supply of available assets diminished.

During 2017, investment conditions in the U.S. continued to move into the latter stages of what has been an extended cycle. E-commerce growth continued to place the retail sector under significant stress and provide a catalyst for increased focus on the logistics sector.

In Europe, property market fundamentals continued to improve and investor interest broadened to less mainstream markets, including Portugal and Central and Eastern Europe. Risks associated with Britain's exit from the European Union provided some headwinds for the occupational market in the U.K. but these were offset by continued solid economic growth and low unemployment.

In Asia-Pacific, investor sentiment in gateway markets remained robust, underpinned by improving leasing demand, attractive yield spreads and

GLOBAL COMMERCIAL REAL ESTATE TRANSACTION VOLUME BY REGION (2013–2017)



Source: Real Capital Analytics, RED Research, January 2018

supportive government policies. In China, ongoing concerns about home affordability resulted in a series of government measures to rein in prices, particularly in Tier 1 cities, while tighter capital controls on outbound investments helped to further drive domestic demand for quality real estate products.

Meanwhile, international infrastructure markets in 2017 were characterised by the continued expansion of investor interest, as demonstrated by the emergence of new mega funds and successful raisings by existing funds.

Accordingly, competition for assets continued to strengthen, asset prices climbed and returns slowed, particularly in core markets. This led to a recycling of infrastructure assets by traditionally long-only pension funds, who took advantage of attractive valuations. The industry closely followed developments in the U.S., where government plans for a major infrastructure investment plan continued to circulate, while investor interest in emerging markets continued to grow, particularly in India.

The outlook for infrastructure asset valuations in 2018 is less certain than in recent years and will be shaped by political and policy considerations. Tightening monetary policy may push up discount rates and impact asset valuations, although anticipated government spending, particularly in major markets, may help to offset these factors and underpin further growth.

KEY DEVELOPMENTS

As the investment cycle matured, the Real Estate team's pace of acquisitions moderated during 2017, however the team continued to take advantage of strong capital market conditions in some areas to selectively sell assets. Significant milestones were also achieved in the development portfolio. Construction was largely completed on the Waterline Square residential project in the Upper West Side of Manhattan, with condominiums offered for sale in the third quarter. In Europe, the Mall of Switzerland was successfully opened in November. In Asia, the One Museum Place office tower in Shanghai and the Paya Lebar

Quarter mixed-use development in Singapore made good progress and were on track for completion by early 2018 and mid-2019 respectively.

In Infrastructure, the team remained active in pursuing new investment opportunities, including the targeting of investment platforms as an alternative to auctions, where prices continued to increase in certain sectors and geographies. This approach proved successful, with examples including two investments in India: a deal to become the first investor in the government-backed National Investment & Infrastructure Fund (NIIF) and the purchase of a minority stake in a roads platform, Cube Highways.

The team was also active in evaluating investment opportunities from within its existing portfolio, including regular interactions with our global investment platforms to evaluate add-on opportunities. From an organisational perspective, the team conducted a review of its divisional structure and has commenced a project to analyse its optimal long-term portfolio allocations, which will report in 2018.

INVESTMENT ACTIVITIES

Private Equities

The Private Equities Department is responsible for investing in private equity and credit products globally, typically alongside external partners, and through externally managed primary and secondary funds.

The Department began investing in the late 1980s to seek risk-adjusted returns that exceed long-term public market returns and to diversify ADIA's portfolio.

The Department is committed to maintaining its ability to invest across all private equity and private credit products and geographies. Investment teams are organised into three geographic regions (Americas, EMEA & Asia-Pacific) and are supported within the Department by the Risk & Research, Finance and Operations functions.

2017

REVIEW OF THE YEAR

The global private equity market remained buoyant in 2017, with valuations reaching new highs amid strong investor demand for new funds.

Important themes continued to define the market, including increased competition for co-investments among large Limited Partners (LPs), a growing number of longer-life, lower return opportunities, and growth in Chinese and Indian private equity markets.

Despite late-cycle warning signs, including high leverage and dry powder levels across segments of the industry, many LPs sought to increase private asset allocations as a means to offset low returns in other asset classes. A number of the largest global private equity managers responded by bringing forward their fundraising windows and closed record-sized funds to capitalise on demand.

Average entry multiples reached record highs on both sides of the Atlantic, with valuations driven by the availability of debt, pressure to deploy capital, and competition with strategic buyers.

The total value of private equity transactions in 2017 continued the downward trend seen over the past three years, with capital deployment remaining significantly below the peak observed in 2007. Indeed, slight declines were recorded in all major geographies apart from Asia, which experienced strong growth towards the end of the year.

The picture was very different for fundraising. Industry fundraising during 2017 surpassed the records set in 2007 and 2008. As a consequence, the level of dry powder is expected to reach record

highly globally, with its ratio to investment volume reaching the highest level since the financial crisis.

2017 also saw significant levels of exit activity by private equity investors as net cash-flows to LPs rebounded from the lull in 2016 that followed an exceptionally strong 2014 and 2015.

Against this backdrop, the Private Equities Department posted another year of strong performance in 2017, led by strong earnings growth in portfolio assets and a robust exit environment.

Looking ahead to 2018 and beyond, current valuation levels and increasing competition for deal-flow amongst market participants suggests that the industry might enter a period of lower returns than those experienced in recent years.

KEY DEVELOPMENTS

The Department continued to work more closely with its core managers in 2017 to further its strategic objectives of increasing control over its capital and building sustainable competitive advantages. The Department's activities during 2017 focused on private equity, private credit fund and principal investments and on concentrating its commitments with General Partners (GPs) that have consistently supported its strategy.

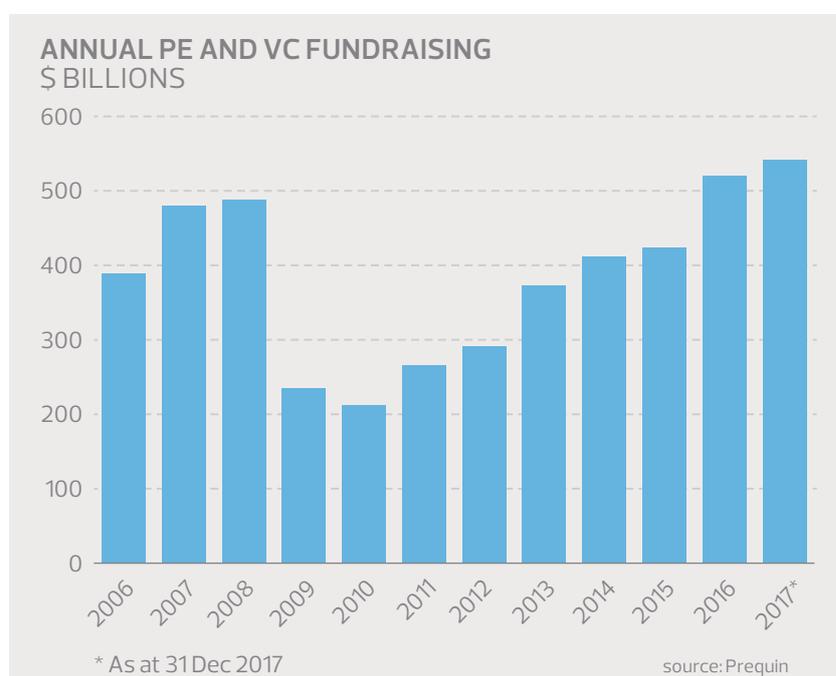
2017 also saw the Department complete a reorganisation to better support its objectives, moving from product-focused to regional teams, with an emphasis on building expertise in five key industry sectors: Financial Services, Healthcare, Industrials, Technology and Consumer. During the year, a new Head of Asia-Pacific was appointed in addition to sector heads for Financial Services,

Healthcare and Industrials. Recruitment processes were initiated for the Technology and Consumer sectors.

The Department participated in a number of key transactions during the year. It invested alongside one of its core partners in a complex corporate carve-out of Alight Solutions from Aon plc, creating a leading technology-enabled benefits provider, and participated in an investment in contract research organisation, Pharmaceutical Product Development LLC. Both investments drew on the Department's sector expertise and were consistent with an approach of seeking principal investments in market-leading businesses alongside strong and high-quality partners. Later in the year, the purchase of a significant minority stake in KKR India Financial Services, an Indian alternative credit provider, increased the Department's exposure to

one of the world's fastest growing and dynamic markets, and benefited from the combination of the Department's Asia-Pacific regional expertise and its Financials sector practice.

In 2018, the Department will continue to deploy capital in line with its strategy of increasing its sector-led principal investment activity. Consistent with its view of a high valuation environment, the Department will persist in evaluating structured equity opportunities, defensive industries and less correlated investments across the private asset spectrum, with a particular focus on identifying relative value across geographies and capital structures. It will also continue to work closely with its core financial and industrial partners to identify the investments offering the best risk-adjusted returns in evolving market conditions.



Selection of External Managers

In addition to our internal investment teams, we recognise that external managers often bring desired skills or experience that allow ADIA to successfully capture “alpha”, or returns that beat the market, as well as managing its exposure to “beta” strategies that track the overall market.

In total, around 55% of ADIA's assets are managed externally in areas including equities, fixed income, money markets, alternative investment, real estate and infrastructure, and private equities. We engage managers across the risk spectrum, from index-replicating to actively managed mandates, and typically tailor each investment to our specific needs and internal guidelines.

ADIA's alpha-seeking managers operate in a wide variety of geographies and asset classes and employ a comprehensive array of strategies to meet their objectives. Our goal is to ensure that we employ only those managers in whom we have the highest level of conviction operating across structurally attractive geographies and asset classes, who combine to produce the levels of alpha we demand from active management.

ADIA also uses external managers to complement its internal capabilities in the management of our index-replicating – or beta – investments across the various asset classes and geographies.

In recognition of the important role they play, we devote time and effort to the process of recruiting and monitoring external managers.

Our investment methodology follows three key stages, from defining a universe of potential managers in any given asset class and strategy, to developing a short list and finally identifying candidates for inclusion in our portfolio. We analyse managers on the basis of ADIA's “Four Ps Framework” – Philosophy, Process, People and Performance – allowing us to build a well-rounded understanding of their backgrounds and potential to deliver sustainable strong performance against their mandates.

The sequencing of due diligence activity varies by asset class, but always includes quantitative factors and qualitative views, informed by gathering and analysing relevant data, face-to-face meetings with managers and the expertise of our internal investment and due diligence teams.

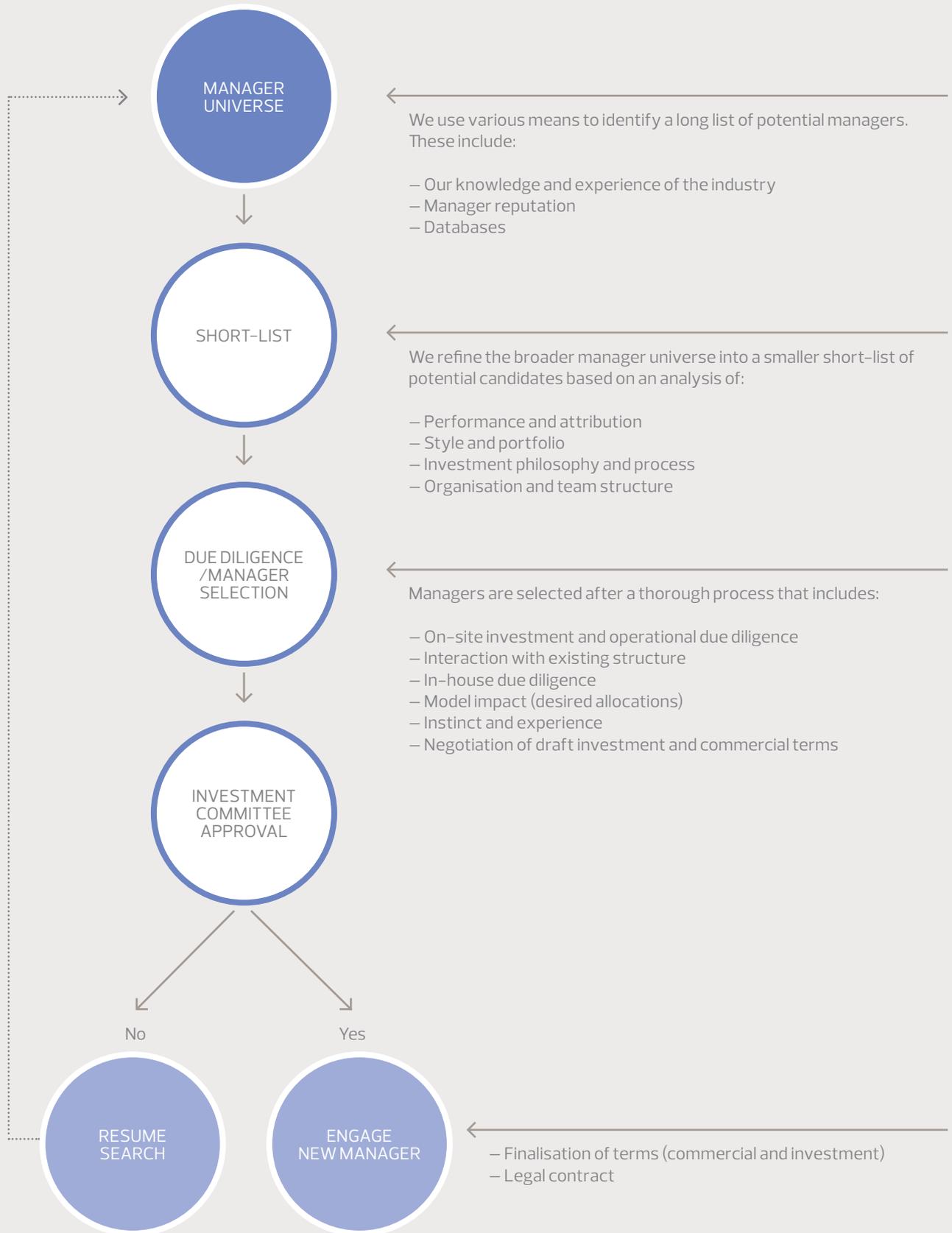
ADIA has developed robust systems and processes over many years that require our external managers to

remain compliant with our agreed investment and operating parameters. Once appointed, teams in each department continuously monitor our managers, analysing portfolio performance, positions, risk exposures and investment styles, and hold regular follow-up meetings with them, both remotely and on-site at their offices.

In this way, we set clear expectations of the conduct of each external manager and are able to put their performance in the context of differing market conditions. The investment teams are supported by the Internal Audit Department, Evaluation & Follow-Up Division, Operations Department, Investment Services Department, Legal Division and Accounts Department, in coordination with ADIA's custodian banks.

The use of external managers also ensures that ADIA retains up-to-date knowledge and is kept abreast of developments across the investment industry. While we have a clear focus on investment performance, our preference is to have long-term relationships with our external managers.

MANAGER SELECTION PROCESS



Investment Support

ADIA's ability to fulfil its mission and deliver sustainable long-term returns is underpinned by a network of professional teams across the organisation. These teams, which have been developed over many years to support ADIA's specific needs, ensure that the business continues to operate efficiently and effectively at all levels to support ADIA's investment goals.

ACCOUNTS DEPARTMENT

The mission of Accounts is to contribute to the safeguarding and long-term growth of ADIA's assets. Accounts fulfils its mission by maintaining financial integrity and control, and providing financial planning and insights.

The Department has two main functional areas: Accounting, and Financial Planning and Analysis.

The Accounting team is responsible for:

- Investment accounting and related controls.
- ADIA's financial accounting processes, the corporate general ledger and related controls.
- Preparing ADIA's financial results, including the audited annual financial statements in accordance with International Financial Reporting Standards (IFRS).
- Liaising with ADIA's external auditors and supporting ADIA's investment departments, the Audit Committee and other key committees.

Financial Planning and Analysis is responsible for:

- Supporting ADIA's financial strategies by providing insights to committees and departments on the financial contribution of activities and initiatives.
- Providing transparency on financial trends and key performance indicators through management reports and analyses.
- Budget management, forecasting and cost benefit analyses.

CENTRAL DEALING DEPARTMENT

The mission of Central Dealing is to facilitate and manage the implementation of ADIA's investment decisions. It achieves this through the trading and execution of securities, including: global equities, fixed income, foreign exchange, money market and derivatives, and by managing transitions on behalf of ADIA's internal investment departments.

Central Dealing seeks to add value by providing:

- Skilful trading and execution, and management of transitions, to ensure performance is not diluted during the implementation of investment decisions.
- Advice to ADIA's investment teams on markets, securities, transitions and trading.

The Department's experienced teams make use of technically advanced electronic trading systems and processes, which are employed within a centralised, transparent and consistently applied compliance and risk framework. Its approach ensures that Central Dealing is able to execute its activities professionally, with due care and minimal operational risk, thereby maintaining ADIA's reputation as a respected and trusted counterpart.

HUMAN RESOURCES DEPARTMENT

The mission of Human Resources is to enable ADIA's investment success by building and sustaining organisational capabilities and individual talent.



The Department is divided into a number of key sections:

- Human Resources Business Partners (HRBPs) serve as the primary HR contact for ADIA's leadership and departments. The HRBPs lead the integration and delivery of all HR processes and programmes. This includes providing guidance and support to departmental leadership to ensure structures, processes and management practices remain aligned to ADIA's mission and strategy. Additionally, the HRBPs provide continuous feedback from departments to Human Resources for consideration as HR policies and processes are reviewed and refined.
- The Recruitment team is responsible for supporting departments in identifying and hiring top talent from the UAE and around the world. The UAE National Recruitment team supports this effort by identifying, supporting, and recruiting young UAE Nationals with the potential to be strong performers and build successful, long-term careers at ADIA.
- The Talent team ensures that ADIA has the people and skills needed to meet its goals. It achieves this by identifying talent needs, providing resources and processes for individual development, and

measuring and improving performance. The UAE National Development team supports this effort by nurturing and supporting the development and growth of our UAE Nationals from early career through becoming investment professionals and the leaders of ADIA.

- The Rewards team ensures that employees' pay and rewards are closely aligned with their performance contribution and are competitive with our global peers.
- The Facilities & Procurement and Employee Services teams enable a productive and secure working environment and deliver support and services to improve the efficiency and productivity of ADIA employees.
- The HR Administration and HR Operations functions are responsible for the execution and communication of ADIA's core HR operational processes, procedures, and policies.

These areas, along with a number of other functions in Human Resources, combine to enable the Department to offer an integrated service, promoting efficiency throughout the organisation and supporting ADIA's ambitious recruitment and talent management goals.

INFORMATION TECHNOLOGY DEPARTMENT

Information Technology is responsible for sourcing, developing, and supporting ADIA's technology platforms.

This covers a wide range of technology from large vendor-based systems to smaller in-house developments. The Department has a customer-focused approach with an emphasis on providing technology solutions aligned to business strategy.

Service delivery and support professionals ensure that the Department provides service to internal partners, while its business analysts, project managers, and software engineers are responsible for developing new functionality to support ADIA's operations.

The Department is also responsible for ensuring a secure working environment through advanced cybersecurity techniques and strategic disaster recovery planning.

INTERNAL AUDIT DEPARTMENT

Internal Audit's mission is to add value to ADIA by evaluating and improving the effectiveness of internal controls, governance and risk management processes, through the provision of independent assurance and advisory activities by qualified staff in line with ADIA's cultural values.

The Department reports both to the Audit Committee and to the Managing Director.

Internal Audit is primarily a review function that:

- Independently evaluates ADIA's internal control systems to ensure they adequately safeguard ADIA's assets, activities and interests, and reviews them regularly to ensure they are both efficient and effective.

- Provides an additional layer of security to ensure all transactions are undertaken in accordance with ADIA's policies and procedures.

The Department's work conforms with the International Standards for the Professional Practice of Internal Auditing.

MANAGING DIRECTOR'S OFFICE

Evaluation & Follow-Up Division

Evaluation & Follow-Up advises and supports the Managing Director, the Investment Committee, and other committees that support ADIA's governance framework.

The Division provides independent analyses and recommendations on all investment and asset allocation proposals generated by ADIA's investment departments and the Strategy & Planning Department

prior to their presentation to the Investment Committee. It also evaluates and prepares periodic reports on investment departments' performance, strategies, risk profile, structure and resources, and on ADIA's overall investment performance including the impact of its asset allocation decisions.

Evaluation & Follow-Up's role also involves reviewing and providing recommendations on ADIA-wide strategic, organisational and governance matters.

Legal Division

Legal is responsible for identifying and evaluating all legal, regulatory, and tax-related issues and associated risks, and for advising ADIA and its senior management on such matters.





INVESTMENT SERVICES DEPARTMENT

Investment Services provides operational risk management, risk reporting, data management, performance analytics, and guidelines monitoring to enable and strengthen ADIA's investment process.

The Department is divided into four main areas of focus:

- Operational Risk Management embeds operational excellence and resilience through the implementation and coordination of the ADIA-wide Operational Risk Framework. The team's activities include performing operational due diligence on external entities, counterparty risk assessments, internal risk reviews, policy development and business continuity management.
- Data Management manages data as a strategic asset for ADIA enabling accurate and timely data across the organisation. The team also leads the development and implementation of the ADIA-wide Data Governance Framework.

- Performance Analytics & Risk Reporting maintains ADIA's performance methodology and standards. The team's core responsibility is to independently report on performance, risk and investment guidelines both on the total portfolio and individual asset classes.

- Guidelines Monitoring & Regulatory Filing performs daily monitoring and provides internal transparency on ADIA's guidelines and regulatory limits. The team also makes a range of regulatory filings.

OPERATIONS DEPARTMENT

Operations is responsible for protecting ADIA's assets and minimising exposure to operational, reputational and other risks. Working alongside their internal and external partners to support the investment process and help improve performance, the team develops and maintains a controlled environment while at the same time designing and re-engineering new and more efficient capabilities. Operations

continuously develops its straight-through processing capability to maximise efficiency without compromising operational risk, while remaining compliant with all regulations and guidelines.

Operations oversees the following key functions: Trade Support (settlement, capture and cash), Asset Servicing, Securities Lending, Change Management, Performance Measurement, Custodian Management and Operations Risk. The Department seeks to generate incremental revenue through efficient portfolio cash management, tax reclaims, securities lending, class action recoveries and securities litigation.

Operations supports ADIA's global investment mandates by maintaining strong technical knowledge of global financial markets and staying up-to-date with relevant market and regulatory developments.

Risk Management

In keeping with our prudent culture, identifying and managing risk plays a central role in every stage of ADIA's strategic and day-to-day decision making.

ADIA's risk management framework is holistic in nature, having been designed to comprehensively identify and analyse all types of risks across asset classes and ensure that any potential issues are managed efficiently and effectively.

The Managing Director has ultimate responsibility for ADIA's risk management, with assistance and advice from several committees and departments, including the Investment Services Department, Strategy & Planning Department, Evaluation & Follow-Up Division, Internal Audit Department, and Legal Division.

GOVERNANCE

The Risk Management Committee (RMC) oversees the effective implementation of ADIA's risk management framework and ensuring that all risks are addressed by relevant departments in a timely manner. It seeks to facilitate a proactive dialogue between all senior risk executives in order to help protect ADIA from unexpected loss of capital or calls for liquidity, failure of key operational processes, or reputational damage. Other key objectives of the RMC include ensuring alignment of departmental risk activities with ADIA's risk appetite and overall risk framework, and serving as a conduit for the escalation of risk issues arising from within or across departments.

RISK MANAGEMENT

At ADIA, we believe that managing risk is a core responsibility of all employees. Risk management is embedded in all of ADIA's investment and related activities, from asset allocation to investments in individual asset classes and ultimately to trade execution.

The Investment Services Department and the Strategy & Planning Department, working closely with investment teams, are responsible for protecting ADIA's assets and adding value to the investment process through performance analysis and core risk management responsibilities. These entail leading the disciplined execution of the risk management framework and promoting a culture of risk awareness.

The Departments' risk analyses include:

- Continuously assessing all sources of risk on both an absolute and a relative basis, including through proprietary portfolio modelling.



- Developing a comprehensive risk assessment across all risk types, including “top-down” aggregate portfolio risk, “bottom-up” investment risk by asset class, country and counterparty risk, operational risk, operational due diligence, business continuity, and compliance risk.

- Identifying, monitoring and escalating risk mitigation strategies to address emerging and ongoing risk issues on a timely basis.

In addition, and to ensure connectivity across ADIA, each of ADIA's investment departments has its own risk framework. By cascading down from the ADIA-wide framework, these combine a unity of purpose with the necessary flexibility to capture risks that are unique or specific to each asset class. The Virtual Risk team – a network of risk managers within investment departments and other key functions – is an integral part of the link between the ADIA-wide and the departmental risk management frameworks.

RISK CULTURE

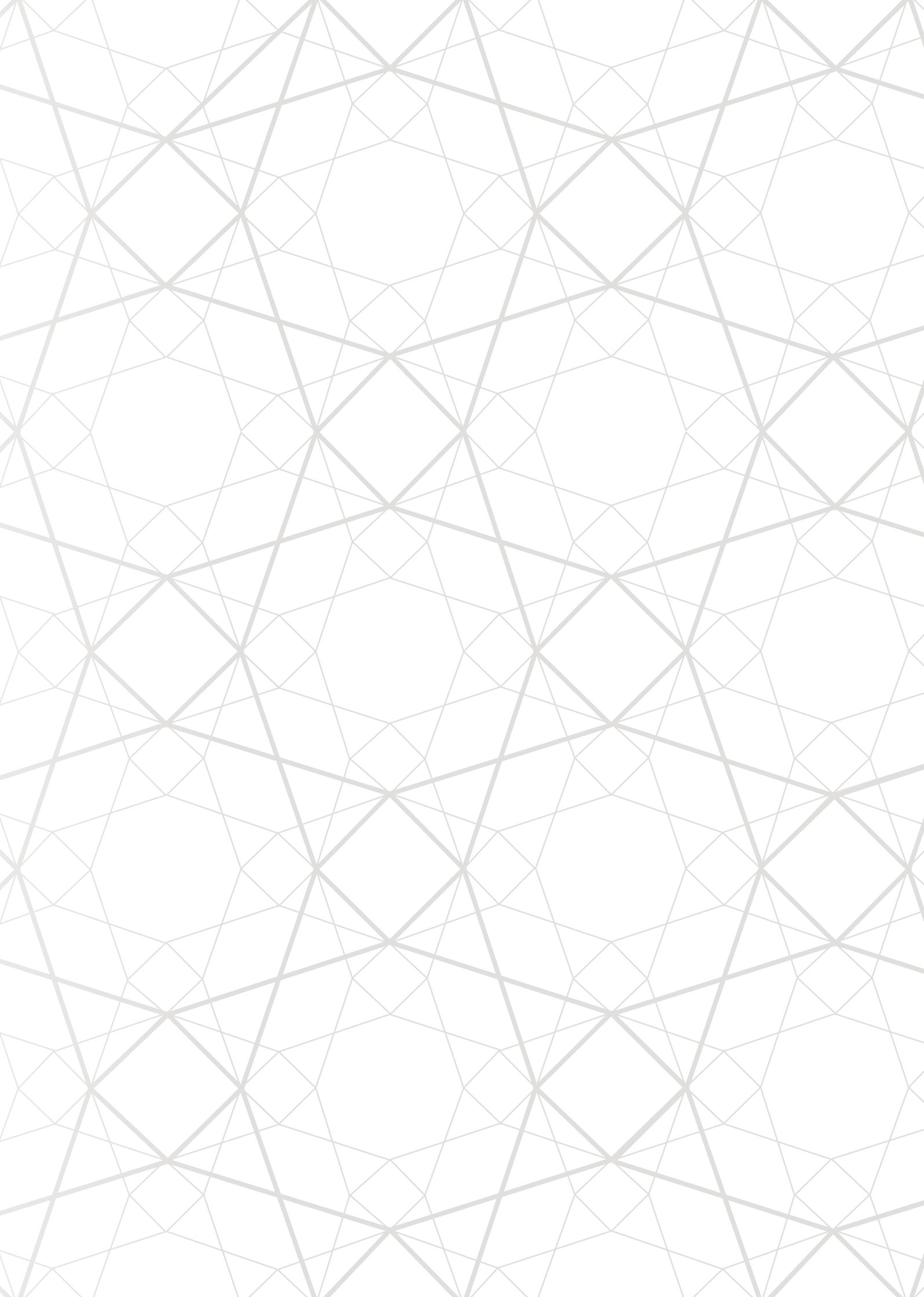
ADIA's risk management framework is underpinned by the emphasis we place on education to support the continuous development of a culture of risk awareness across ADIA.

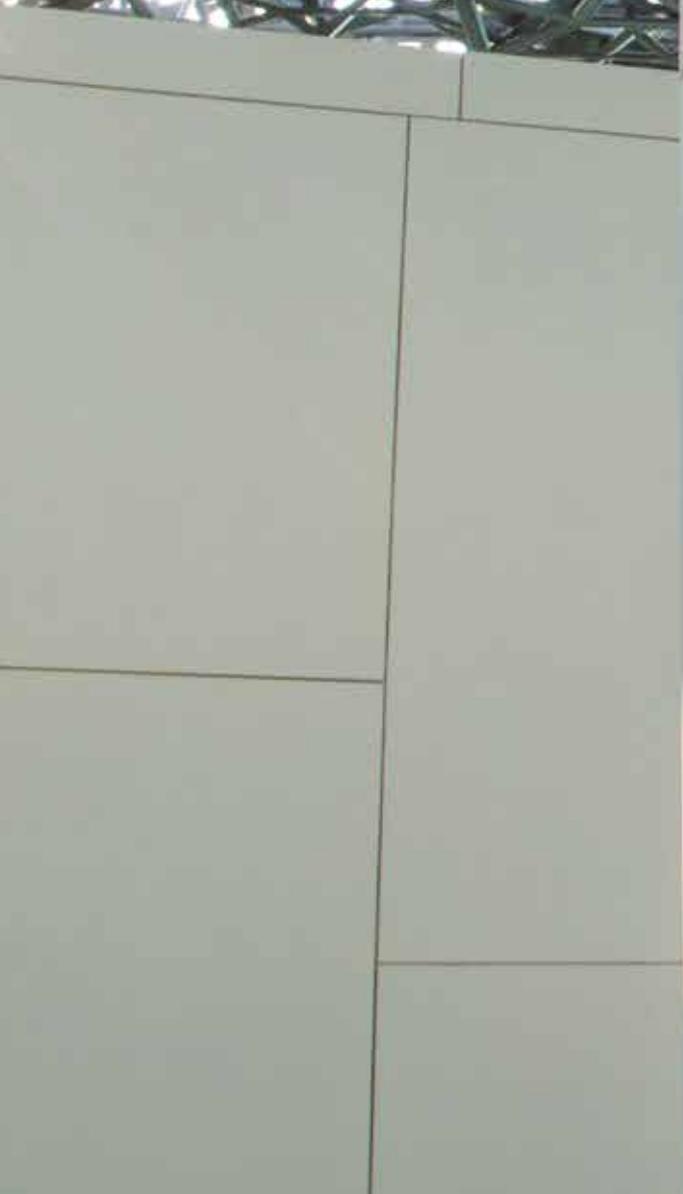
At ADIA, we expect our people to demonstrate the highest standards of ethics, integrity and professional competence. ADIA's employees must adhere to a Code of Conduct that sets the standards of behaviour that are expected of them in order to preserve ADIA's integrity and reputation and enable it to fulfil its mission.



Governance

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





Relationship with the Government of Abu Dhabi

ADIA is a public institution established by the Government of the Emirate of Abu Dhabi in 1976 as an independent investment institution.

ADIA carries out its investment activities independently and without reference to the Government of the Emirate of Abu Dhabi.

ADIA has no visibility on either the spending requirements of the Government of the Emirate of Abu Dhabi or the activities of other Abu Dhabi-owned investment entities. ADIA's assets are not classified as international reserves.

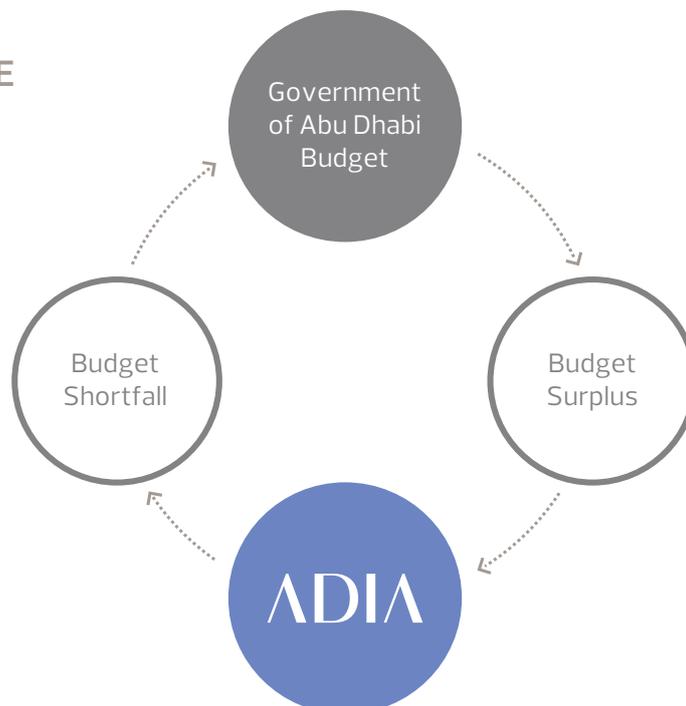
SOURCE OF FUNDS AND APPROACH TO WITHDRAWALS

Under the UAE Constitution, the natural resources and wealth of the Emirate of Abu Dhabi are the public property of Abu Dhabi. The Government of the Emirate of Abu Dhabi provides ADIA with funds that are allocated for investment

and surplus to its budgetary requirements and its other funding commitments.

ADIA is required to invest and reinvest these funds and make available to the Government of the Emirate of Abu Dhabi, as needed, the financial resources to secure and maintain the future prosperity of the Emirate. In practice, such withdrawals have occurred infrequently.

SOURCE OF FUNDS FROM THE GOVERNMENT OF ABU DHABI



Governance

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

Management of ADIA is vested in ADIA's Board of Directors, which comprises a Chairman, Deputy Chairman, Managing Director and Board members who are appointed by a decree of the Ruler of the Emirate of Abu Dhabi.

The Board has primary responsibility for the discharge of ADIA's activities and meets periodically for the establishment and review of ADIA's overall strategy, but does not involve itself in investment or operational decisions.

ADIA's Managing Director has sole responsibility for the implementation of ADIA's strategy and administering its affairs, including all decisions related to investments. Investment decisions are based solely on economic objectives in order to deliver sustained long-term financial returns.

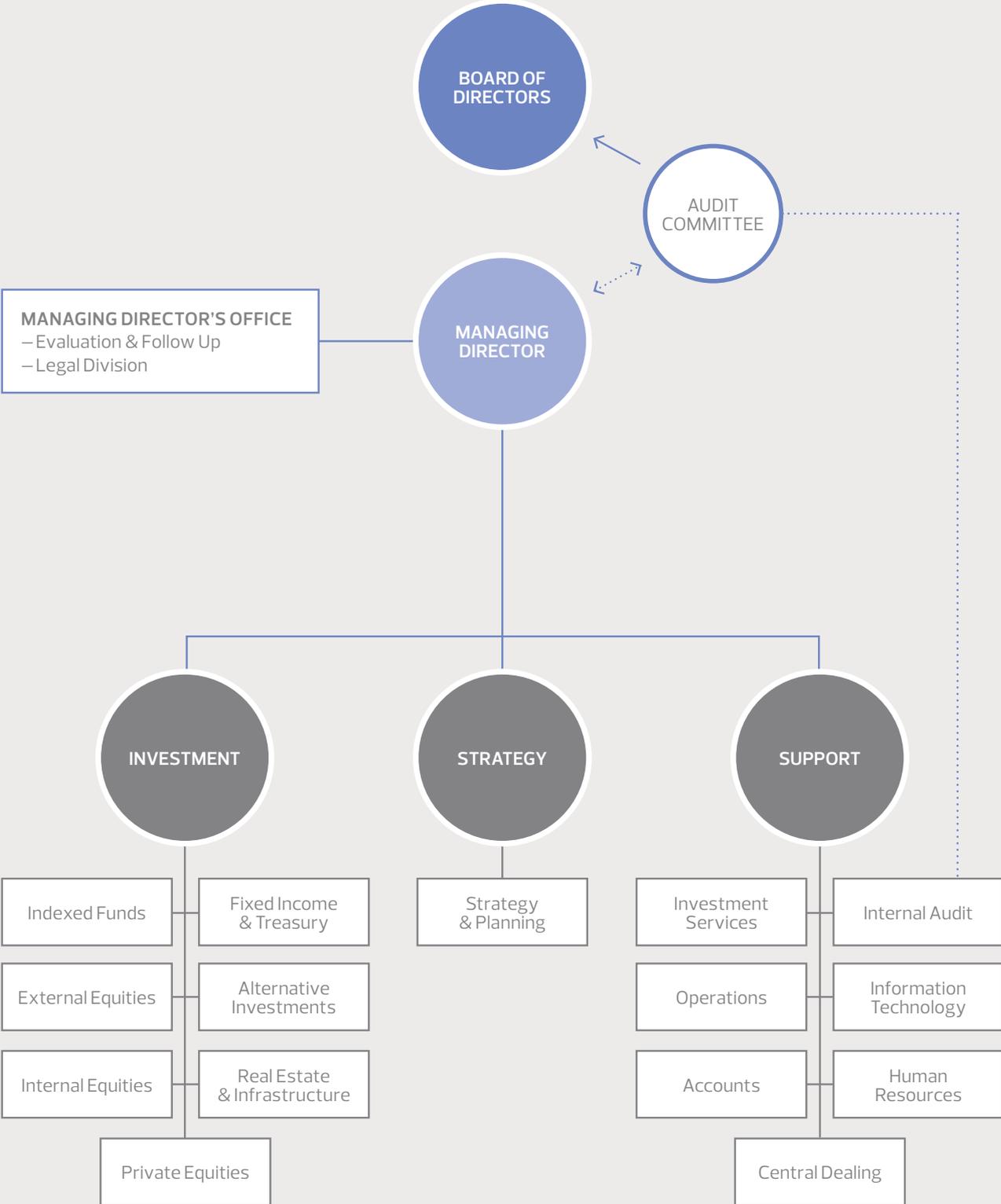
The Managing Director, or those to whom he delegates, act as ADIA's legal representative in dealings with third parties.

A number of key committees support the governance framework:

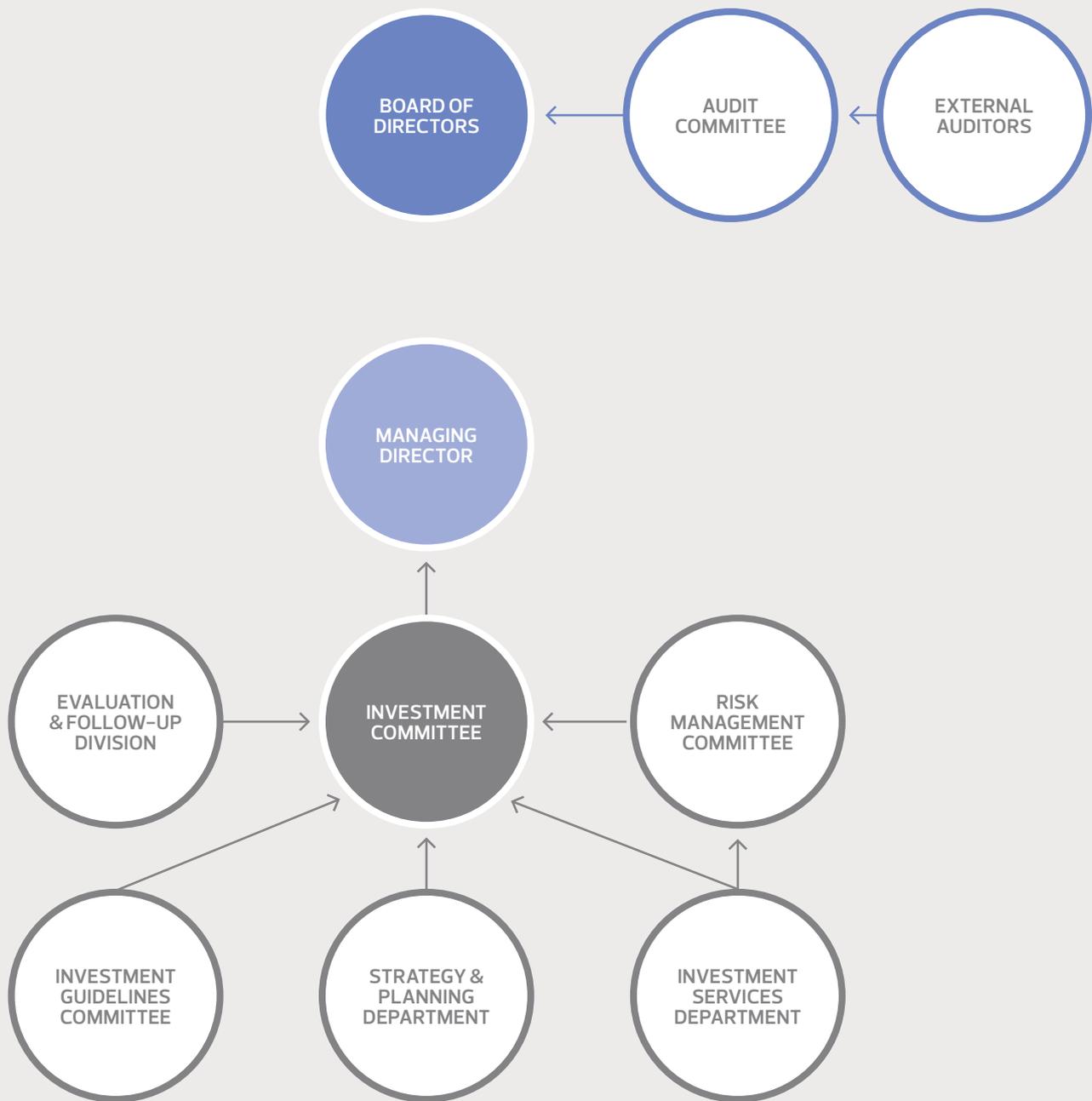
The Audit Committee is appointed by, and reports to, the Board and provides oversight on the appointment of external auditors, financial reporting in accordance with International Financial Reporting Standards, systems of internal control and internal audit processes.

The Investment Committee assists the Managing Director, and is responsible for managing and overseeing investment-related matters. The Managing Director chairs the Investment Committee, assisted by two Deputy Chairmen, with the participation of the Executive Directors of all investment departments and representatives of some control functions, as required.

GOVERNANCE STRUCTURE



INVESTMENT GOVERNANCE



The Risk Management Committee reports to the Managing Director and is responsible for overseeing the implementation of ADIA's risk management framework. It comprises members of the Investment Committee.

The Investment Guidelines Committee assists the Investment Committee with achieving consistency and clarity in investment guidelines.

The Management Committee reports to the Managing Director and is responsible for reviewing and providing recommendations on non-investment and organisational related matters including ADIA-wide planning, department planning and the ADIA budgeting process.

INVESTMENT GOVERNANCE: VOTING AND SHAREHOLDER DISCLOSURES, "KNOW YOUR CUSTOMER"

ADIA is a leading global institutional investor and endorses the free flow of global capital and investments. ADIA understands, and is committed to fulfilling, its responsibilities as a global investor.

As a shareholder, ADIA exercises its voting rights in certain circumstances to protect its interests or to oppose motions that may be detrimental to shareholders as a body. ADIA does not actively seek to manage the public companies in which it invests.

ADIA seeks to apply best practice to all of its disclosure processes and regularly makes disclosures, as required, in relation to its investments in global markets. ADIA is also mindful of its counterparties' obligations with respect to "Know Your Customer" and strives to provide all necessary disclosures to enable them to fulfil those obligations. ADIA recognises the importance of international standards of compliance and risk management and the associated transparency required.

Board of Directors



H.H. Sheikh Khalifa bin Zayed Al Nahyan
Chairman



H.H. Sheikh Mohammed bin Zayed Al Nahyan
Deputy Chairman



H.H. Sheikh Mansour bin Zayed Al Nahyan



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



H.H. Sheikh Mohammed bin Khalifa
bin Zayed Al Nahyan



H.E. Mohammed Habroush Al Suwaidi



H.E. Khalil Mohammed Sharif Foulathi

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
*Board Member
Executive Director, Indexed Funds*



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



H.E. Hamad Mohammed Al Hurr Al Suwaidi



H.E. Hareb Masood Hamad Rashed Aldarmaki
*Advisor
(Deputy Chairman, Investment Committee)*



Mohamed Ahmed Mohamed Bandouq Alqamzi
Executive Director, Internal Equities



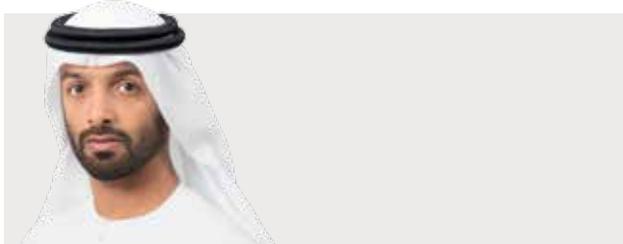
Obaid Murad Hassan Abdulla Alsuwaidi
Executive Director, External Equities



Dhaen Mohamed Dhaen Mahasoon Alhameli
Executive Director, Fixed Income & Treasury



Khalifa Matar Khalifa Qaroonah Almheiri
Executive Director, Alternative Investments



Khadem Mohamed Matar Mohamed AlRemeithi
Executive Director, Real Estate & Infrastructure



Hamad Shahwan Surour Shahwan Aldhaheeri
Executive Director, Private Equities



Nasser Shotait Salem Rashed Al Ketbi
Executive Director, Investment Services



Juma Khamis Mugheer Jaber Alkhyeli
Executive Director, Accounts



Our People

*Our goal is to attract,
develop and retain
world-class talent and
provide the resources
for our people to realise
their full potential.*

Managing ADIA's Talent

ADIA's people are as diverse and international as our business, with more than 65 nationalities working together to create a collaborative environment that embodies our cultural values.

We strive to attract, develop and retain world-class talent, and to enable our people to realise their full potential. We achieve this by committing to employees' development, training and career progression.

ADIA seeks to create a fully rounded work environment where committed people can build rewarding careers while contributing to ADIA's continued long-term success. We place a particular emphasis on the development and training of UAE Nationals, many of whom currently hold prominent roles within ADIA and the UAE, or will do so in the future.

CULTURE

At ADIA, we define culture as a combination of behaviours and values that enable us to fulfil our mission in an optimal and sustainable way. We are proud that ADIA's cultural values – prudent innovation, effective collaboration and disciplined execution – are becoming a way of life and delivering tangible benefits for our people and for ADIA as a whole.

Our cultural values are not merely words; they are embedded in the ways in which we think and behave, how we organise ourselves, recruit new talent, and develop and reward employees.

We are committed to promoting collaboration within and between departments. People are encouraged to share their perspectives and insights informally, and through targeted initiatives.

These include regular forums, which bring together our senior investment managers for debates on investment-related themes and to identify investment opportunities that might otherwise go unnoticed.

We conduct a regular survey of employees that measures progress on these fronts and identifies areas for improvement.

RECRUITMENT

We believe that ADIA's broad spectrum of nationalities is one of our core strengths, ensuring a breadth of knowledge, expertise and perspectives is represented in our decision-making processes.

We are a world-class employer, and our priorities are to attract and retain the best international and local talent. We achieve this by seeking high-performing individuals in specialised fields, while also identifying top UAE National recruits with the skills and attributes that will underpin ADIA's continued long-term success.

Our structured recruitment process is designed to assess candidates' experience, technical skills and behaviours while providing them with a thorough and comprehensive understanding of ADIA's culture, work environment, and life in Abu Dhabi.

Our targeted approach to recruitment, coupled with career development opportunities, contributes to high employee engagement and low annual turnover of less than 5% on average.



DEVELOPING OUR PEOPLE

In an investment landscape that is constantly evolving and increasing in complexity, it is essential that our people continually maintain and update the skills they need to perform at the highest level.

Our approach to talent and performance management ensures that employees clearly understand the goals and behaviours that constitute success and how their individual objectives align with ADIA's high-level goals and culture. Our annual review process encourages managers to take time to discuss and

review the performance of every employee, while identifying ways to develop their strengths and ensure that ADIA continues to grow its leadership and technical capabilities for the future.

ADIA actively supports its employees in their professional and personal development by offering a wide range of targeted development programmes. The combination of classroom training and on-the-job development contributes substantially to employee growth and success. ADIA is proud to employ the highest number of CFA Charter holders of any organisation in the Middle East. Our emphasis on investment training is complemented

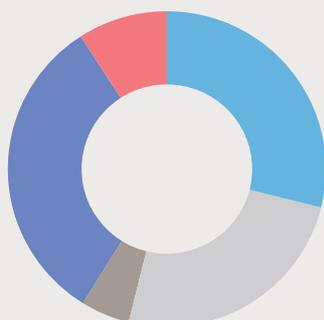
by other challenging and rewarding developmental opportunities, with a strong focus on fostering collaboration and innovation.

In addition, we host regular internal events with speakers from within ADIA as well as corporate leaders and other subject matter experts from respected national and international organisations, aimed at stimulating innovative thinking and ensuring employees stay current on the latest industry trends.

ADIA's leaders reflect our values and act as examples for others. To assist them in fulfilling this role, we offer management, leadership and executive development programmes, which combine the best of our in-house knowledge and experience with contemporary thinking and practices from around the world.

We have relationships with a number of leading academic institutions and learning organisations, whose courses are customised to meet ADIA's needs, in many important areas of talent development.

TRAINING AND PROFESSIONAL DEVELOPMENT STATISTICS



■ Investment & Professional Skills Programmes	29%
■ Management & Leadership Development	25%
■ Professional Certifications Programmes (e.g. CFA)	5%
■ Personal Development	32%
■ IT Skills	9%





OUR UAE NATIONAL TALENT

As one of the UAE's most established and enduring institutions, ADIA is firmly committed to developing local talent. We do this through a range of programmes that aim to identify and nurture outstanding UAE National students to prepare them for future careers with ADIA.

Our Early Preparation Programme works closely with local schools to identify, develop and track young UAE Nationals with strong academic performance and early leadership skills. Short-listed candidates undergo a rigorous selection process, involving interviews as well as language,

psychometric and competency skills testing in applying for ADIA's Scholarship Programme, through which selected candidates are supported to attend leading universities around the world. The goal of these initiatives is to nurture talent through exposure to best educational practices.

Once hired by one of ADIA's departments, UAE National new joiners are placed in a three-month ADIA Fundamentals Programme.

This provides them with an immersive introduction to ADIA and an

opportunity to develop the key professional skills needed to succeed. Upon completion, graduates join their designated department where they continue their development, both in professional and technical skills through a department-specific Early Career Development Programme (ECD). Using this multi-stage approach, ADIA enables UAE National graduates to make a smooth transition into the work environment and provides a strong platform on which to build long-term careers.

1,700 EMPLOYEES REPRESENTING MORE THAN 65 NATIONALITIES



■ UAE	27%
■ Europe	30%
■ Asia-Pacific	21%
■ Americas	12%
■ Middle East/Africa	7%
■ Australasia	3%

Working at ADIA

Roundtable

As a long-term investor, ADIA places great emphasis on analysing market trends and generating insights to make considered, deliberate and forward-looking decisions. This institutional drive for knowledge can be seen in ADIA's approach to investment strategy and execution, how the organisation is structured and the opportunities offered to employees to develop themselves through world-class training initiatives.

We brought together four ADIA employees from different parts of the business to discuss how ADIA's emphasis on information, insights and knowledge helps to shape their working environment.

WHEN DID YOU JOIN ADIA AND WHAT ATTRACTED YOU TO THE OPPORTUNITY?

Noura: I joined ADIA as a fresh graduate from Zayed University in May 2008, just before the financial crisis. I knew I wanted to be in finance, so my natural instinct was to look for the best place to be in the investment universe, which, for me, was ADIA.

But the second reason was honestly that the mission of ADIA is something I'm really proud of and want to be part of. It has an embedded social responsibility to contribute to future generations. I also consulted with my father at the time, and he encouraged me to join ADIA because of its reputation and history. Many of the UAE's leaders either worked at ADIA at some point or were on one of its scholarships. So this gave me a strong feeling that ADIA was a place where there was a career path and it was possible to develop yourself.

Jean Francois: I've been at ADIA for just over a year now, as Head of Economic Analysis. I joined from Goldman Sachs

in London, but I've worked in various roles in different countries, including for the IMF in Washington DC, and also in Africa, advising the government of Rwanda, my country of birth. My first reaction to the idea of joining ADIA was a positive one. It was a name that resonated well.

One of the main questions I had was around why ADIA wanted to bring in an economist like me. And the answers that I got consistently were very clear: this serious commitment to constantly benchmark ADIA against best practices among the top asset managers of the world. And this was behind its decision to create a global and cross-asset research function to develop robust top-down views to support decision making.

Shabanah: I joined in 2015 from London, where I was working at GE Capital Real Estate, as Legal Counsel, advising the platform on the equity book, loan origination and restructuring. I've been in the legal profession for 15 years focusing on finance and real estate finance, so when the head hunter called and described the opportunity to work at ADIA in the European Real Estate Department, it was almost too good to be true. The role complemented what I was already doing at GE but with more variety. They spoke about the range of transactions, geographies, asset classes, and then explained that I would be in more of a hybrid legal / risk / commercial role – it was such a fantastic opportunity that I just couldn't say no.

Ahmed: Well, I'm a bit of a different story I'd say. I joined at the end of April 2008 from the Environment Agency in Abu Dhabi, having graduated with a diploma from the higher colleges of technology. I was born and raised in the Western region of Abu Dhabi, which is a remote area, and I wasn't really interested in working in a city at the time. But I had heard of ADIA, and the people around me pushed me forward to find out more and see where it would take me. After joining ADIA, I got my Bachelor's degree in Accounting, partly because I thought I might want to move into an investment role at some point. But through my experience in the HR Department I decided that I really preferred dealing with the human part.

“...the mission of ADIA is something I'm really proud of and want to be a part of. It has an embedded social responsibility to contribute to future generations...”

Noura Al Qubaisi



Noura Al Qubaisi
Deputy Director, Fixed Income & Treasury



Jean Francois Ruhashyankiko
Head of Economic Analysis, Strategy & Planning



Ahmed Al Romaihi
Specialist, Human Resources



Shabanah Choudhuri
*Deputy Head of Finance, Structuring and Execution,
Real Estate & Infrastructure*



HOW DOES THE EXPERIENCE AND KNOWLEDGE FROM SUCH A DIVERSE WORKFORCE CONTRIBUTE TO ADIA'S SUCCESS, AND HOW DOES THIS BENEFIT YOU IN YOUR DAY-TO-DAY WORK?

Shabanah: This is an important point because there is a lot to learn from being around colleagues with such deep expertise, as well as different and interesting backgrounds. We have global and regional weekly meetings, so whether it's from the CFO function or the financial, investment or research side of things, we all get together in a room and regularly meet and discuss different viewpoints.

Jean Francois: In the global research function, our mandate is exactly about that. How do we collaborate? We've put in place or contribute to a number of forums that bring different groups of people together. In my area of economics, we have research notes that are circulated, and regular sessions with presentations from the team that anyone can attend. And the

same thing is either happening or is going to happen with the energy and political research teams.

Noura: ADIA operates global mandates, so having a diverse workforce is very important in ensuring it executes on its strategy. But diversity is also about allowing your workforce to express and dynamically debate different views and perspectives.

To be good at this you need to have a culture that encourages people to work together, which is why ADIA has embedded collaboration in its cultural values. On any given day, you can hear vigorous debates on all sorts of topics, and the outcome of this is reflected in our portfolios. In Fixed Income, for example, we regularly meet to share macro and company-specific views with our colleagues in Internal Equities. I really believe that the different perspectives that each side brings to these meetings results in better decision making.

Ahmed: I think it's clear that the diversity of experiences and backgrounds at ADIA make for a stronger workforce and better decision making. On a personal level, this is part of what makes the job so interesting and rewarding.

I focus more on the human part of it, which includes recruitment and talent development, and that means I have to spend a lot of time speaking with departments and with individuals to understand their needs and capabilities.

ADIA HAS A LONGER INVESTMENT HORIZON THAN MANY OTHER FINANCIAL INSTITUTIONS. HOW DOES THAT IMPACT THE WAY YOU WORK?

Jean Francois: My background is in sell-side research, so in the past I used to meet clients with focuses on very different investment horizons. The hedge funds were interested in what was going to happen in the next few days or weeks at most. Asset managers with large pools of capital were interested in what's happening in the next few months, up to a year usually. Then there were the pension funds and the long-term institutional investors that have a longer-term perspective. These were the most challenging for me from an intellectual standpoint because of the need to



think about major investment opportunities across asset classes and test our assumptions of what is likely to impact future generations.

Shabanah: In real estate, the long-term view is very important for us given the fact that it's an illiquid asset, so we are very interested in market cyclicity – when we should buy, when we should sell, and when to just hold. So this pervades our everyday decision making and we ensure this big picture analysis is thoughtfully addressed in our investment papers.

Ahmed: Thinking long term is not just about investing, but also about making sure we have the right human capital. At ADIA we have an early preparation programme for UAE Nationals that starts from the 10th grade where we try to give young people an awareness of the opportunities when they are a bit older. We are also always on the lookout for promising talent. As an example, we will go to a forum in Washington DC shortly where there will be around 1,000 UAE National students studying all over the U.S. This allows us to identify students who might be strong candidates at some point in the future.

IN YOUR ROLE, HOW DO YOU STAY CONNECTED WITH GLOBAL TRENDS AND CUTTING-EDGE THINKING?

Ahmed: I am constantly dealing with different people, both through my job in HR as well as on working groups, committees, or at conferences or courses. Technology also plays a role of course, and means we stay connected either through email or professional networking sites.

Noura: I think one of the key benefits of being here is the relationships we have with other investment houses, professionals and governments. Every year, ADIA sends delegations to different regions, as a way to learn first-hand about what's happening in those markets, which helps us to stay connected. In my previous role, in the Internal Equities Department, I used to travel to meet the management of companies we invested in, which was important for building relationships.

Shabanah: I agree because in real estate we receive a lot of information from our fund managers, our advisers,

the brokers in the market that we engage and importantly through in person meetings with counterparties and our partners. When we travel it's not just about visiting the assets or our partners, but also research houses, brokers, and legal and tax advisors. We also have regular calls so there is a feedback loop of information between us, which makes for more productive relationships.

Jean Francois: From a geographical perspective, it's very clear that the East has emerged and is continuing to do so. And the weight of India, China and other Asian countries in the world economy is increasingly important. So being closer to that market is a fantastic advantage, and I find the time difference also very helpful.

HOW DO YOU FEEL THAT ADIA'S COMMITMENT TO RESEARCH AND GENERATING INSIGHTS CONTRIBUTES TO LONG-TERM DECISION MAKING?

Jean Francois: This is the most intellectually rewarding part of the job because our focus is not on what the market will do between today and tomorrow. We can really ask ourselves the important questions, about economic growth, inflation or the role of global trade and technology. We also need to devote time to making sure our views are well articulated, because the resulting choices ADIA makes will matter for a long time.

Shabanah: The knowledge that we obtain from our research teams, and also our relationships in the market

make a significant contribution to our decision making. With the creation of the Strategy and Planning Department that is going to happen more and more. We're constantly looking at where we are in the market today and where we'll be in five or ten years from now.

Noura: I think there is clear linkage between research and having a long-term horizon, because it gives you high conviction in your investment decisions and allows you to hold steady even if things don't always go to plan in the short term. You can be the contrarian in the market, because you have confidence in the reasoning and the analysis that went into the decision in the first place.

Ahmed: The commitment to thorough research is important in every part of the business, including human resources, because we don't only look into and consider the capability of the person, but also whether they are the

right fit for ADIA. You might have a star who has all the capabilities but can't work in a team. This is the puzzle we are constantly solving for. ADIA is our home and we feel a responsibility to make sure we only invite people into our home if they are going to contribute and collaborate effectively.

Shabanah: Collaboration is a big part of it. We have more than 25 different nationalities working in the Real Estate team who have this deep interest and enthusiasm for the areas they are responsible for. So for instance, our colleagues from Spain will come to us with their research and insights on the latest trends in the Spanish market and the same happens with colleagues from the Netherlands, Nordics, France or some of the other major markets around the world. They've got their fingers on the pulse in a way that you might not get from a market adviser.



ADIA HAS A LONG-STANDING COMMITMENT TO PROMOTING LEARNING AND DEVELOPMENT – WHAT IS YOUR EXPERIENCE IN THIS AREA?

Jean Francois: I think there are a wide range of choices at different levels of experience. Learning is hugely important on a personal level, but it's also tailored to the work we do and that's the part that I really appreciate. The other important aspect is the emphasis on sharing experience and knowledge with colleagues. For example, we have a young associate in our team and we spend time mentoring him, sometimes through hands-on coaching and, as a result, he's doing a fantastic job and keeps on impressing every day.

Shabanah: I would say that the learning and development here has been second to none, for me personally. I've had the opportunity to do the management and development programme from Insead. I've also completed several courses that are focused more on personal development, but these have really helped in my day-to-day professional life as well, in collaborating with people from so many cultural and professional backgrounds.

Noura: I have been through the CFA programme, and some of the other recognised certifications, because these are very important at ADIA. They provide a tremendous grounding in the business of investing.

I have also learned a lot from initiatives like ADIA's Risk Academy, which looks at emerging issues related to risk and investment that may have an impact

on ADIA in the future. Each module has a different theme, with case studies that are closely linked to the portfolio. So this is real-life learning, which is much more powerful than what you can get from a book.

Ahmed: Education has been at the core of ADIA since it was created. It was never just about money, but also about contributing to the development of the country and training future leaders. But also I do really agree that it's not just the courses, or the formal training. During my time at ADIA, I have actually learned the most from my peers.



Working at ADIA

An Inside View



Matthew Taylor,
*Head of Asia-Pacific,
External Equities Department*

I got my first job in the finance industry in 2003, in the investment research function of a life insurance company. I then joined ADIA in 2007 in my mid-twenties, focusing on fund manager research and selection, and building external manager portfolios in Emerging Market equities.

One of the key attractions for me was ADIA's long-term investment horizon. I like the purity of our focus on investing for long-term economic returns, rather than how many products we need to sell. Combined with ADIA's global reach, this focus has a big impact on our ability to achieve our objectives.

I already knew a few of the people at ADIA who I rated highly, and I had always wanted to work abroad, so Abu Dhabi seemed like a great opportunity. It was clearly the right decision. I've really enjoyed the work and I also met my wife here; I think Abu Dhabi is a great place to live, especially when you are settled with a family.

The team I am responsible for covers Asia, investing both at a regional level, as well as single country investments in China, India, Korea and Japan. We need a strong understanding of the markets and the dynamics of the entire region, including both the political and economic landscape, to identify investment opportunities and risks in equity markets. We use these insights to identify the best investors in the region, assess why they are successful, and whether that success will be sustainable. These external managers' portfolios, each with differentiated investment styles, are then structured into a broader portfolio strategy. These allocations are monitored continuously, adjusting as necessary according to our view on how markets and investment opportunities are evolving.

We travel to the region frequently, and Abu Dhabi is also an obvious stop for people travelling between Europe and Asia, or the U.S. and Asia. As such we get a huge amount of physical face time with people from all across the industry to help us do our jobs effectively.

I have witnessed career progression within ADIA, and have experienced it personally, having had multiple grade promotions and increasing responsibility over the years. Most recently, I was appointed last year as Head of Asia-Pacific within the External Equities Department. What's important, though, is that the team isn't hierarchical; everyone has a say and every opinion is valued, whether an individual has just joined the team or have been here for many years. It is very much a meritocratic team-based culture.

Working within ADIA we get unparalleled access to the best investors and some of the brightest minds in the financial industry, both internally and externally. As long-term investors, we are committed strategic partners when we deploy capital, and I think that is well understood and appreciated in the market.



Colm Lanigan,
*Head of Americas,
Private Equities Department*

In 2011, I sold the precision manufacturing business I'd co-founded five years earlier and was planning to raise my own private equity fund when I was approached about joining ADIA. The opportunity immediately appealed: the Private Equities Department was looking to build its principal investment capabilities, and the global nature of the role was very exciting.

My career path leading up to that point was quite varied. I practiced as a lawyer before joining the IMF as an advisor on financial sector reforms. In the mid-90s I joined an international investment bank's leveraged finance and sponsor coverage team in New York, and then joined the private equity arm of a large hedge fund before starting my own firm in 2004. I eventually bought out a division of a large public company and ran it as CEO until it was sold in 2011.

I joined ADIA as the Head of Principal Investments in 2012 as the Department began to increase its focus on principal private equity investments to supplement its core fund relationships.

We grew the team and our in-house skills until the time was right to rethink how the Department was structured, moving from product-focused teams, to regional teams that aligned our fund, principal investing and other activities. As part of this reorganisation I was appointed as Head of Americas.

The new structure is part of an evolution that has been underway for a few years in our approach to private equity investing. We have built sector-specific knowledge within the team, as well as deepened our sourcing and underwriting skills. With these tools the Department now has more discretion over where and when we deploy capital. It also helps us to build more fully-rounded relationships with our core fund partners.

One of the things I enjoy the most is the ability to see deals across every industry and market. This allows us to judge opportunities on a relative value basis. We do not view deals in isolation based only on the specifics of that opportunity, but on relative terms, assessing things across markets and industries, to make investments that fit within our global portfolio. That's the ongoing challenge, and is one of the things about my role that I find continually interesting.

As I often tell members of our team: while having strong technical ability is a prerequisite to building a career in PE, the experience and judgement that comes from being exposed to the variety of opportunities at ADIA is unique and something that will make them a better investor throughout their career.

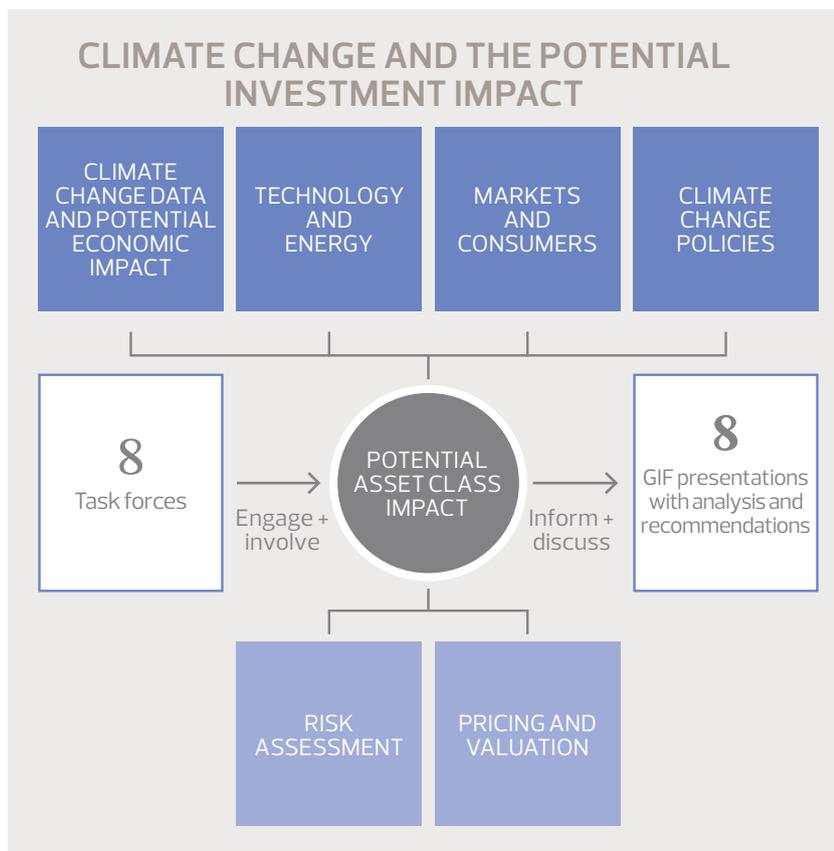
Global Investment Forum 2017-18

As a long-term investor, ADIA commits the time, energy and resources required to develop a deep and multi-faceted understanding of the major themes shaping the future of financial markets.

The Global Investment Forum (GIF) was created in 2014 to act as one of the organisation's key internal forums for stimulating cross-departmental discussion, tackling topics that are expected to influence long-term investment conditions around the world.

Previous Forums brought together leading external experts including academics, commentators and industry leaders to deliver keynote speeches and participate in panel discussions for a day of wide-ranging and thought-provoking discussions. This format evolved in 2017, with the

objective to identify the short- and long-term impact on ADIA's portfolio of major global issues, and develop appropriate recommendations to address them. This aligns with ADIA's objective of maintaining a robust risk management framework that will enhance long-term performance.



GIF 2017-2018, entitled "Climate Change and the Potential Investment Impact", involved the creation of eight internal asset class-specific task forces who considered in detail the potential ramifications for ADIA in the following key areas: Climate Data and Potential Economic Impact, Technology and Energy, Markets and Consumers, and Climate Change Policies.

External subject-matter experts were invited to present their views on the pertinent issues in each of these key areas, and these were followed by interactive working sessions by task force members to delve into the topics in more detail.

The GIF programme concluded in Q1 2018 with a two-day event attended by more than 400 ADIA delegates, in which the eight task forces presented their asset class-specific analyses on the likely impact of climate change, and provided recommendations for how ADIA could evolve its future investment strategy to manage and benefit from changing long-term market dynamics.

Contact Details

Abu Dhabi Investment Authority
211 Corniche, PO Box 3600
Abu Dhabi, United Arab Emirates
Phone +9712 415 0000

www.adia.ae

© 2018 ADIA

Disclaimer

The contents of this review are provided by ADIA for information purposes only and, therefore, should not be construed as investment advice or a recommendation to buy or sell any investment instrument.

No representation, warranty or undertaking, express or implied, is given as to the accuracy or completeness of the information contained in this review by ADIA.

ADIA accepts no liability for any losses or damages incurred or suffered that are claimed to result from the use of or reliance upon any information contained in this review including,

without limitation, any direct, indirect, incidental, special or consequential damages. Any statements or terms in this review used to describe ADIA's relationship with third parties does not, and should not be construed to, acknowledge or establish any legal relationship between ADIA and such third party, acknowledge or establish any fiduciary duty on the part of ADIA to such third party or otherwise, or acknowledge or establish any responsibility for or liability in respect of the actions of such third parties. The copyright to this review is held by ADIA.

Unauthorised reproduction or conversion is strictly prohibited.

