

# FOUNDATION FOR PROSPERITY

The contributing role of sovereign  
wealth funds in laying the building  
blocks for economic growth

White paper  
October 2023



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## INTRODUCTION

### Sovereign wealth funds promote sustainable economic development

Over the past two decades, sovereign wealth funds have firmly established themselves as critical long-term global investors. While prominent players worldwide dominate headlines with flurries of outbound transactions, emerging economies have also seen a proliferation of new funds seeking to balance financial returns with contributions to national socioeconomic development.

This pluralistic approach is underpinned by the view that a country's economic growth partially depends on sovereign wealth funds' ability to deploy capital at home and abroad effectively. For many nations, the transition to a knowledge-based economy presents a major challenge that must be addressed through strategic investments in domestic industries with greater reliance on intellectual capital. Equipped with the necessary financial prowess, a long-term investment horizon and the aptitude to rapidly scale their interests in specific sectors in alignment with policy objectives, sovereign investors tend to be well placed to take a leading role in nurturing knowledge economies.

It is no surprise that sovereign wealth funds have been growing in number, size, and influence and this trend is accelerating. As of February 2023,

assets under management of sovereign wealth funds globally stood at USD 11.3 trillion, up more than tenfold in the last decade. Despite a reduction in portfolio valuations in 2022, robust capital deployment continued with a record USD 257.5 billion invested across 743 deals, with the highest-ever number of USD 1 billion-plus 'mega-deals' also completed. Indeed, five of the ten largest investments by state-owned investors in history took place during 2022 and five of the top ten most active sovereign wealth funds this year are from the Gulf region.<sup>1</sup>

Given the increasingly prominent role of sovereign investors, ADQ, an Abu Dhabi-based investment and holding company, sought to shed light on how sovereign wealth funds are accelerating change and stimulating sustainable economic development in their domestic markets by commissioning this paper 'Foundation for Prosperity: The contributing role of sovereign wealth funds in laying the building blocks for economic growth'.

The paper, part of the ADQ FWD thought leadership series, involved consultations with government officials, policy advisors, investment banks and sovereign investors.

This ADQ FWD paper examines the substantial contributions of sovereign wealth funds in creating a tangible, positive impact on economies and societies beyond financial returns.

**DR. JAAP KALKMAN**  
Group Chief Investment Officer, ADQ



<sup>1</sup> S&P Global Market Intelligence

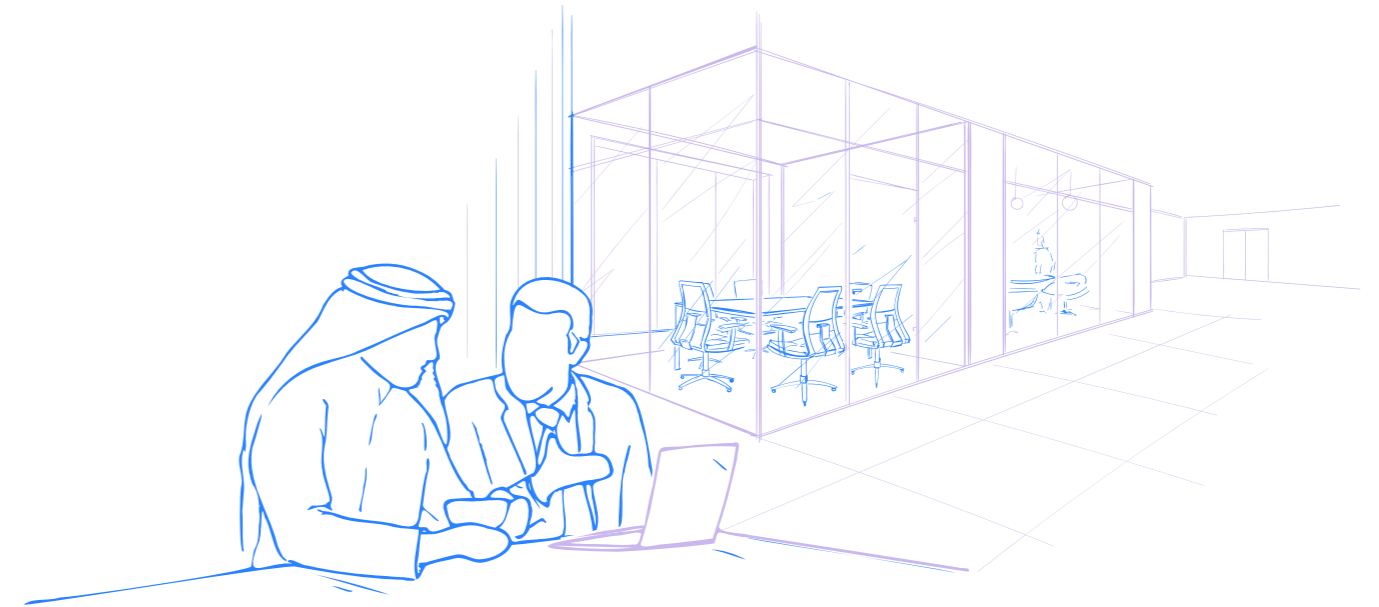
# THE EVOLVING CONTRIBUTIONS OF SOVEREIGN WEALTH FUNDS TO NATIONAL ECONOMIC GROWTH

## The rise of strategic development sovereign investors

Historically, sovereign wealth funds have been vehicles for investing domestic capital surpluses in international markets to generate robust financial returns. As a result of shifting government priorities in the wake of slowing globalization, the global pandemic, geopolitical conflicts and supply chain disruptions, governments have focused on re-evaluating and re-sizing their social and economic approaches.

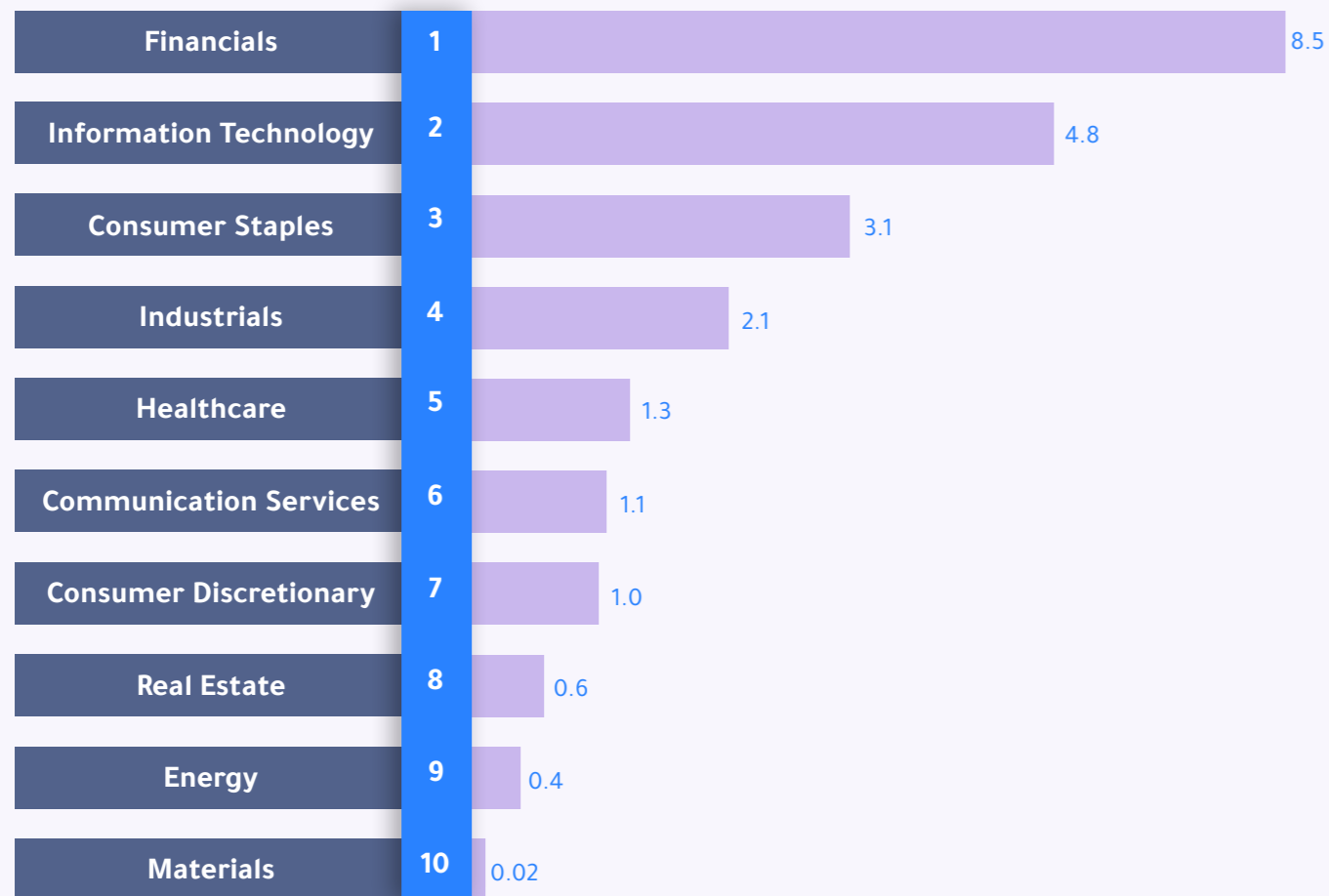
As the priorities of governments vary across markets, multiple types of sovereign investors have emerged to serve specific purposes such as stabilization, savings and reserve investment funds.

However, strategic development sovereign wealth funds have gained prominence in the last decade. Unlike their counterparts, strategic development



## Top 10 industries in 2023

Total deal value joined by SWFs by industry. USD billion.  
DEAL VOLUME 22.9 USD billion



Source: Sovereign Wealth Research - IE Center for the Governance of Change (2023)

funds focus on contributing to the execution of economic transformation plans within their own nation. To meet the priorities of governments building capacity domestically, diversifying economies and boosting local employment, these funds typically deploy capital in domestic infrastructure, advancing the growth of key industries aligned with long-term policy objectives.

Creating monetary value to ensure future prosperity for citizens and residents is a main priority for these funds, just like other types of sovereign investors,

yet sits alongside the objective of strengthening the resilience or laying foundations for the sustainable growth of the local economy.

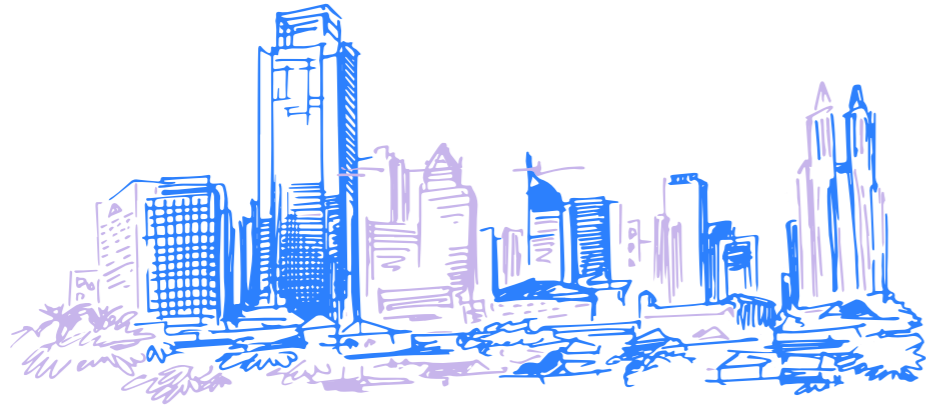
As such, strategic development sovereign wealth funds have emerged as go-to partners for governments to ensure prudent investment decision-making that considers risk assessment in pursuit of lucrative opportunities. Navigating the right path has become more critical than ever for strategic development sovereign investors to support their nations in forging sustainable growth.

Overseas sovereign investment activities are contributing to the growth of domestic businesses of all sizes and help create new, globally competitive champions. This is one way the UAE has established a new, successful blueprint for economic diversification.

**H.E. ABDULLA AHMED SALEH**  
Undersecretary for Economy,  
UAE Ministry of Economy



# INDONESIA INVESTMENT AUTHORITY **INA**



In 2021, Indonesia launched its sovereign wealth fund, the Indonesia Investment Authority (INA), to stimulate growth by attracting foreign direct investment and encouraging co-investment. This has involved partnerships with other sovereign wealth funds and securing investment commitments worth USD 27 billion, including USD 10 billion from the UAE as of year-end 2022.

The INA has two broad mandates: First, to invest in national priority sectors that contribute strategically to Indonesia's sustainable development and second, to invest overseas, generating wealth for the country.

During its first year, INA focused on using government-seeded capital to invest in state-owned enterprises and national traditional and digital infrastructure from toll roads to data centers. This included a 5 percent stake, valued at USD 270 million, in cellular tower company Mitratel when it was listed on the Indonesia Stock Exchange.

The types of investment selected by the fund continue to align with its mandates to develop infrastructure and support value-added industries such as telecoms and pharmaceuticals.

“As Indonesia’s economy rapidly transforms, our sovereign wealth fund has an investment philosophy centered around creating value for citizens and our investment partners, supporting economic objectives that drive the nation’s sustainable development.

**DR. RIDHA D. M. WIRAKUSUMAH**  
Chief Executive Officer, Indonesia Investment Authority (INA)

# INVESTING ABROAD TO CREATE VALUE AT HOME

Sovereign wealth funds focused on strategic development have pursued overseas investments with the aim of creating value domestically. This is achieved by pursuing direct investments through acquisitions in foreign companies, participating in joint ventures and investing in overseas infrastructure projects. Sovereign investors also allocate funds to portfolios of equities, bonds and real estate in international markets.

This has stood true in Asia where Singapore’s GIC has invested in more than 40 countries as part of its mandate to manage the country’s foreign reserves, capturing opportunities in various markets and sectors. North America has been a focal point as 37 percent of GIC’s portfolio is US-based while 8 percent is in the Eurozone and 7 percent in Japan. This emphasis on a diversified geographic mix in its portfolio is a key component of the fund’s strategy to generate long-term returns above global inflation and make an impact on Singapore’s future development.

Meanwhile, Oman Investment Authority (OIA) established a joint venture with the State Bank of India

to create the Oman India Joint Investment Fund (OIJIF) in 2011, investing in various sectors within the South Asian nation.

Like OIA, other Middle Eastern sovereign investors have become more active in global markets to transfer value and financial returns to their home nations. In 2022, Gulf funds spent almost USD 89 billion on investments globally, double the previous year.<sup>2</sup>

Overseas deals have taken different forms including co-investments.

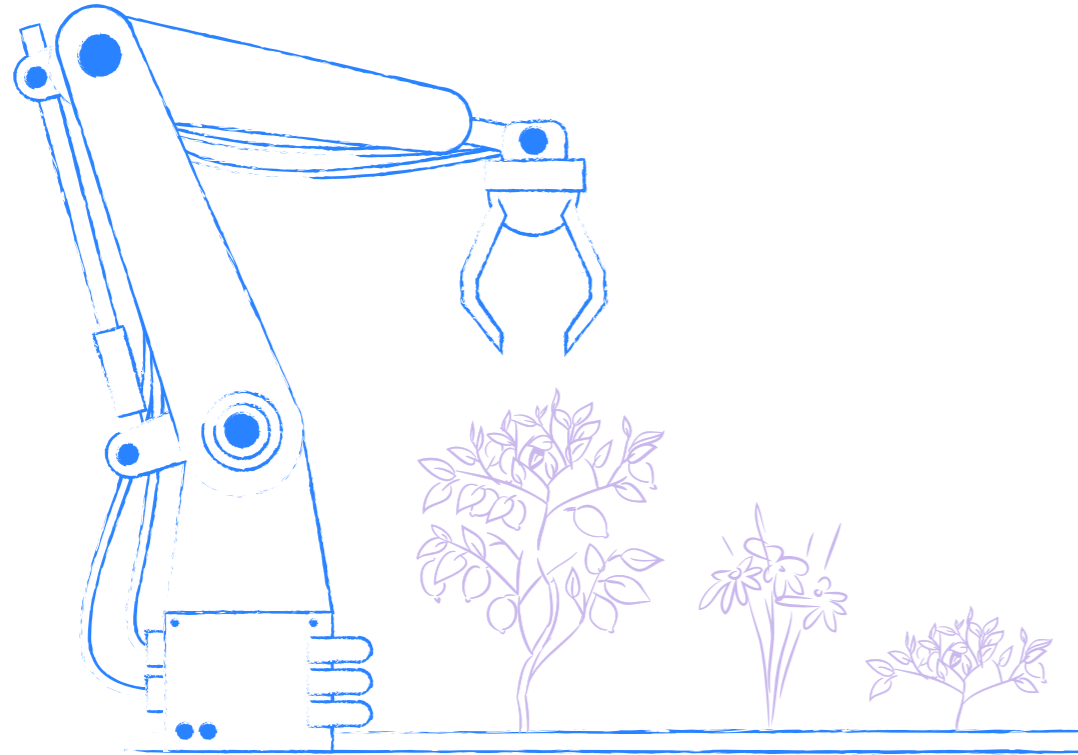
A USD 20 billion joint strategic platform between ADQ and The Sovereign Fund of Egypt (TSFE) was also launched in 2019 with a mission to advance Egypt’s economic development with a focus on various sectors. This has already led to ADQ completing several transactions with Egyptian companies across various sectors, including a co-investment with Aldar, Abu Dhabi’s largest real estate developer.

“Balancing development, innovation, and financial returns while aligning with our dual mandate heavily depends on building sustainable relationships with partners worldwide to future-proof resilient economies.

**ABDULLAH AL RASHDI**  
Oman Investment Authority

<sup>2</sup> Middle East Institute

**CASE STUDY**



As a sustainable investor with a broader mandate to deliver financial returns and wider socio-economic impact, ADQ has undertaken several efforts to support the development of Abu Dhabi and the UAE. One approach is leveraging the economic cluster effect within its portfolio to capitalize on synergies and maximize the impact of its investments. Focusing on clusters such as Energy & Utilities, Food & Agriculture, Healthcare & Life Sciences and Mobility & Logistics aims to increase innovation, productivity and competitiveness that enhances the UAE's economy. The sovereign wealth fund has made several transactions to enhance its portfolio and acquire global expertise and capabilities that support the development of clusters in the domestic market.

Our government's strategic decision-making has always championed sovereign wealth funds for their ability to deliver knowledge, innovation and excellence that further drives impact at scale throughout the UAE.

**H.E. HUDA ALHASHIMI**  
Deputy Minister of Cabinet Affairs for Strategic Affairs, Prime Minister's Office (PMO)



**Examples of overseas strategic investments to complement the local market**

Strategic investments overseas are an inherent part of ADQ's efforts to drive the development of economic clusters in alignment with policy objectives.

**OBJECTIVE: FOOD RESILIENCE IN THE UAE**

The UAE's National Food Security Strategy 2051 aims to develop a comprehensive national system based on enabling and enhancing sustainable food production by taking cutting-edge, modern technologies and applying them locally. ADQ's Food & Agriculture cluster strives to contribute to this vision by driving innovation and increasing efficiency in food supply, bolstering the UAE's food resilience.

**SEP 2020**  
ADQ established Silal to diversify food sources and increase locally grown, raised and manufactured food in Abu Dhabi

**DEC 2022**  
Acquired a majority stake in the Italian company Unifrutti Group, a leading global player in fresh fruit and vegetables production, sourcing, trade and distribution



**JUNE - SEP 2021**  
Acquired 45 percent stake in Louis Dreyfus Company (LDC) and 50 percent stake in Al Dahra Holding Company and launched ADQ's cutting-edge 200-hectare AgTech Park

**MAR - AUG 2023**  
ADQ's AgTech Park began its sustainable agriculture journey with a vertical farming project in partnership with ZERO and a high-tech greenhouse project in partnership with Safe Haven Solutions

**OBJECTIVE: ACCESS TO ESSENTIAL MEDICATIONS IN THE UAE**

Abu Dhabi's Life Science Vision aims to establish the Emirate as the leading global hub for biotechnology and life sciences. ADQ's Healthcare & Life Sciences cluster is driving the creation of a world-class healthcare and pharmaceutical ecosystem, positioning Abu Dhabi as a regional hub in this field.

**MAR 2021 - FEB 2022**  
Acquired Egypt-based Amoun and Swiss-based Acino, both leading manufacturers of high-quality pharmaceuticals

**MAR 2023**  
Integrated Pharmax Pharmaceuticals into Acino to leverage synergies across main therapeutic areas and share best practices



**JAN 2021**  
Acquired a minority stake in Biocon Biologics Limited, which specializes in developing, manufacturing and marketing high-quality, affordable biosimilars across global markets

**JUL 2022**  
Acquired Birgi Mefar Group, a leading Turkish Pharmaceutical Contract Development and Manufacturing Organization (CDMO) of sterile solutions and injectables

## LEVERAGING 'NATIONAL CHAMPIONS' FOR SUSTAINABLE ECONOMIC TRANSFORMATION

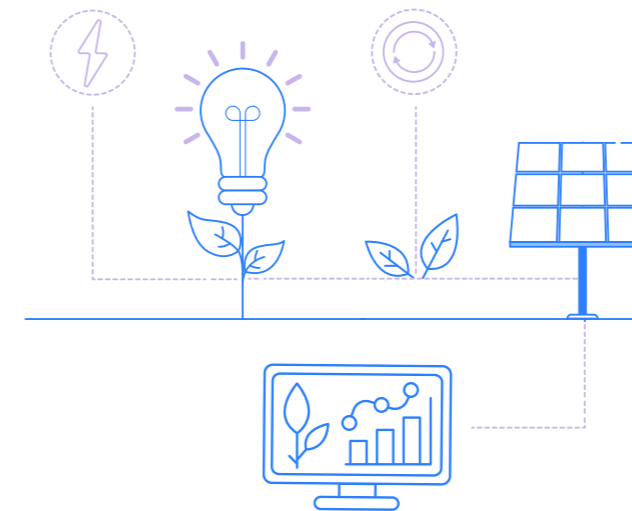
A proven method for countries to diversify their economies is spearheading the development of 'national champions.' These prominent domestic companies operate within strategically important sectors that can form part of economic clusters, helping to expand their capabilities and services. Over the long term, the growth of national champions is expected to have positive multiplier effects throughout the private sector and enhance the global competitiveness of economies. As domestic industrial leaders, national champions increasingly support the long-term strategic priorities of their respective governments.

### Driving impact domestically

Today, Singaporean sovereign wealth fund Temasek ranks as the world's largest state-owned investment fund, cited for operating best practices in governance, sustainability and resilience. The fund has also maintained a compound total shareholder return of 7.5 percent annualized over the past 16 years (or 14 percent per year since it was founded in 1974). Temasek was mandated to support government-led industrialization, primarily anchored in fostering national champions. Household brands like Singapore Airlines, SingTel and Pavilion Energy were among state assets groomed by the sovereign wealth fund. The airline was voted the world's best for the fifth time in 2023, while SingTel has emerged as southeast Asia's largest telco and Pavilion Energy

has built a global footprint, operating at the forefront of efforts to strengthen Singapore's gas supply and develop its renewables infrastructure.

With the backing of sovereign wealth funds, the UAE Government has also prioritized enhancing the global competitiveness of national champions. Sovereign wealth funds have supported the growth of local assets, accelerating development in strategic sectors and identifying lucrative overseas investment opportunities during depressed valuations. In Abu Dhabi, national champions operate across various sectors, from energy and agriculture to healthcare and logistics. Notably, these champions are contributing significantly to sustainable economic



development, from Emirates Nuclear Energy Corporation (ENEC) providing clean electricity to meet the UAE's domestic energy demand for decades to come and diversifying the nation's energy portfolio to Etihad Rail establishing the UAE's first rail network. In addition, Abu Dhabi Health Services Company (SEHA), now part of Pure Health, led a world-class response to the pandemic, contributing to Abu Dhabi's recognition as the world's top pandemic-resilient city by Deep Knowledge Analytics.

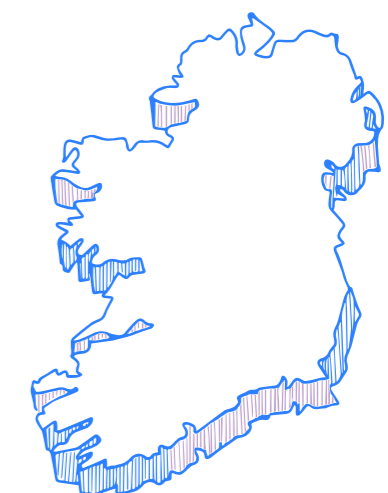
ADQ supports its assets on their journey towards becoming national champions in various ways. The formation of sectoral clusters around emerging champions plays an important role by promoting both cooperation and competition.

The 2021 merger of Arkan with Emirates Steel transformed Emirates Arkan Steel to become the UAE's largest public steel and building materials business, more than doubling its first-quarter net profit on higher sales bolstered by an upturn in residential construction in the UAE and GCC. Another example is Abu Dhabi National Energy Company (TAQA), a vital driver of the energy transition, set to achieve a total generating capacity of at least 30 gigawatts of renewable energy by 2030.

### Stimulating innovation and R&D to create future champions

Possessing large pools of capital and connections with broader innovation ecosystems means sovereign wealth funds are well placed to initiate research and development (R&D) projects that enhance and strengthen its portfolio companies' propositions. Sovereign investors have become more sophisticated in the private markets, creating funds, driving co-investment and leading funding rounds within the private equity sphere. As a result, sovereign wealth fund investment in early stage companies has risen sharply. Between 2015 and 2021, such early-stage investments increased from 19, at a total value of USD 0.5 billion, to 133, valued at USD 5.7 billion.<sup>3</sup>

Ireland's Strategic Investment Fund (ISIF) is mandated to invest commercially and encourage foreign direct investment to build innovation clusters, support economic activity and boost domestic employment across the country. A new €90 million Irish Innovation Seed Fund program has also been launched, allowing Irish R&D-intensive life-science, fintech and environmental companies to harness new opportunities and compete globally.

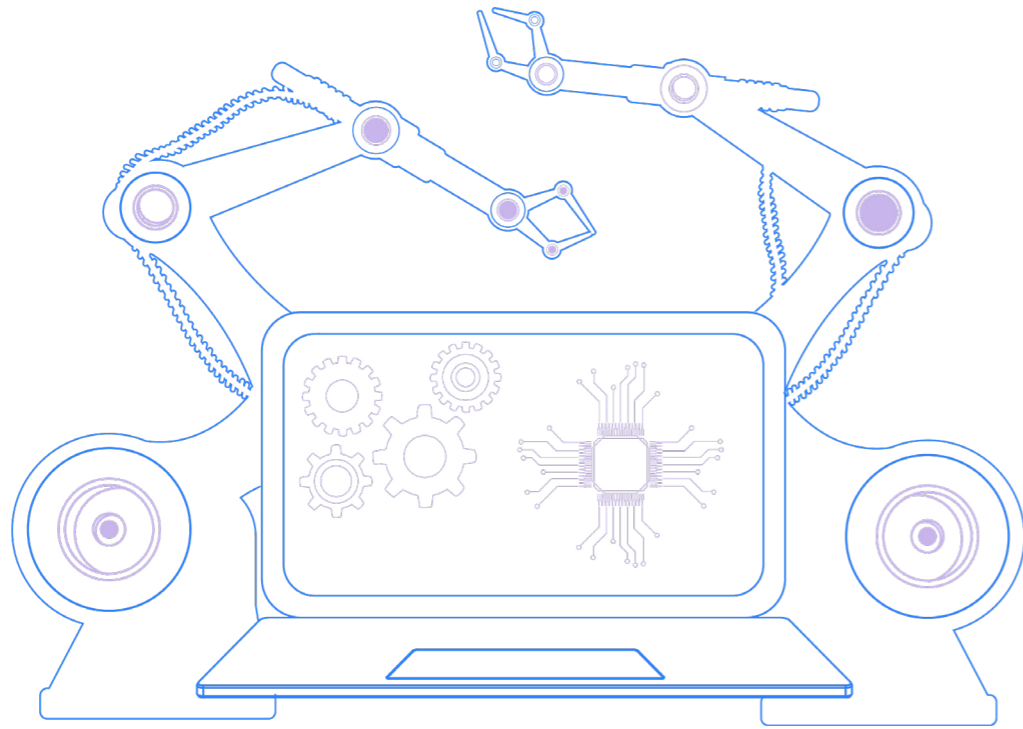


The impact of sovereign wealth funds on Abu Dhabi's and its economy extends far beyond the financial realm. Their influence has been instrumental in shaping policy, promoting sustainable development and positively transforming people's lives.

**H.E. RASHED ABDULKARIM AL BLOOSHI**  
Undersecretary, Abu Dhabi Department of  
Economic Development (ADDED)



<sup>3</sup> International Forum of Sovereign Wealth Funds (IFSWF)



Transformation has also been a focus of The Sovereign Fund of Egypt (TSFE), which is launching a dedicated innovation district in Cairo in partnership with leading private sector champions. Meanwhile, ADQ anchored a USD 200 million investment fund, Further Ventures, to support the growth of early-stage fintech and digital assets startups.

Partnerships with sovereign wealth funds align R&D efforts and create strategies for multiple assets in their portfolio. By working closely with several companies, they enable a cohesive approach to innovation. The Growth Lab by ADQ is a case in point, targeting a total investment of USD 27 million to fund R&D testbed projects and fast-track the trial and adoption of AI and automation through innovative proofs-of-concept and pilots. These activities seek to position portfolio companies for the future.

TAQA is proud to be a national champion. We are acutely aware of our responsibility to drive the UAE's energy transition through effective power and water management that decarbonizes operations in parallel with the nation's growth.

**JASIM HUSAIN THABET**  
Group Chief Executive Officer and  
Managing Director, TAQA



## HOW SOVEREIGN WEALTH FUNDS AND NATIONAL CHAMPIONS ARE CONTRIBUTING TO SUSTAINABLE OUTCOMES FOR THE NATION

As global demand for energy increases, governments and businesses are increasingly taking action to steep decarbonization targets. Sovereign wealth funds play a significant role by embedding ESG considerations within their investment philosophies and overall strategies.



### Norges Bank Investment Management (NBIM)

Norway's sovereign wealth fund, NBIM manages the Nordic country's petroleum revenues and is committed to the long-term sustainability of wealth creation for the Norwegian people. The USD 1.12 trillion fund also considers the ethical and environmental impact of its investments. It has now published a formal climate plan, which includes a portfolio-wide target of reaching net zero greenhouse gas emissions by 2050 for all the companies it invests in.

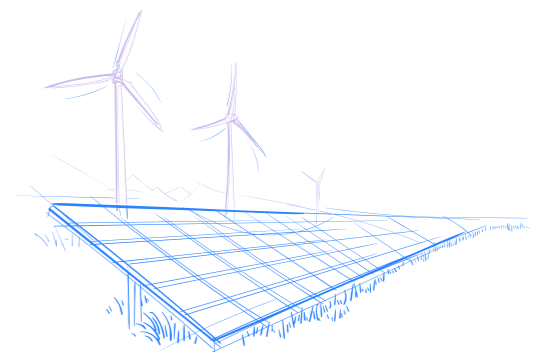
NBIM's CEO, Nicolai Tangen, has stated, "Our goal is to be the world's leading investor in terms of how climate risk is managed." The fund's preferred approach is being a responsible asset owner and encouraging emission reduction across the portfolio.



### Abu Dhabi National Energy Company (TAQA)

TAQA is an international energy and water company listed on Abu Dhabi Securities Exchange (ADX), which is working towards the vision of providing the clean power and water that governments, businesses and consumers need for a sustainable and successful life. With a strong commitment to playing a role in delivering the UAE Energy Strategy 2050, TAQA operates 13 power generation and water desalination plants across the emirates.

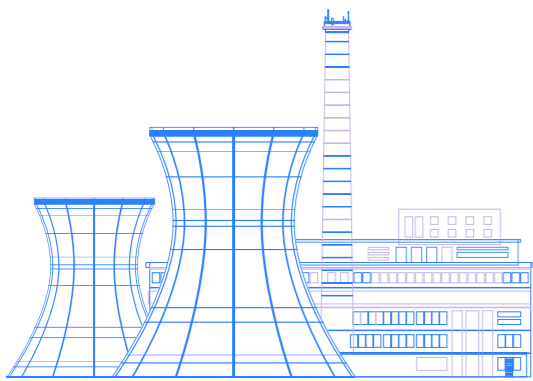
In 2022, TAQA announced its ESG-centric strategy, which sets distinct milestones on the journey towards their target of net zero scope 1 and 2 emissions by 2050. As part of its strategy, TAQA is working towards a 25 percent reduction in water distribution losses by 2030, compared to 2021 baseline. Earlier this year, TAQA entered a definitive agreement to acquire Sustainable Water Solutions Holding Company (SWS Holding), creating a vertically integrated player with strong capabilities in achieving joint sustainability aspirations.





### Emirates Nuclear Energy Corporation (ENEC)

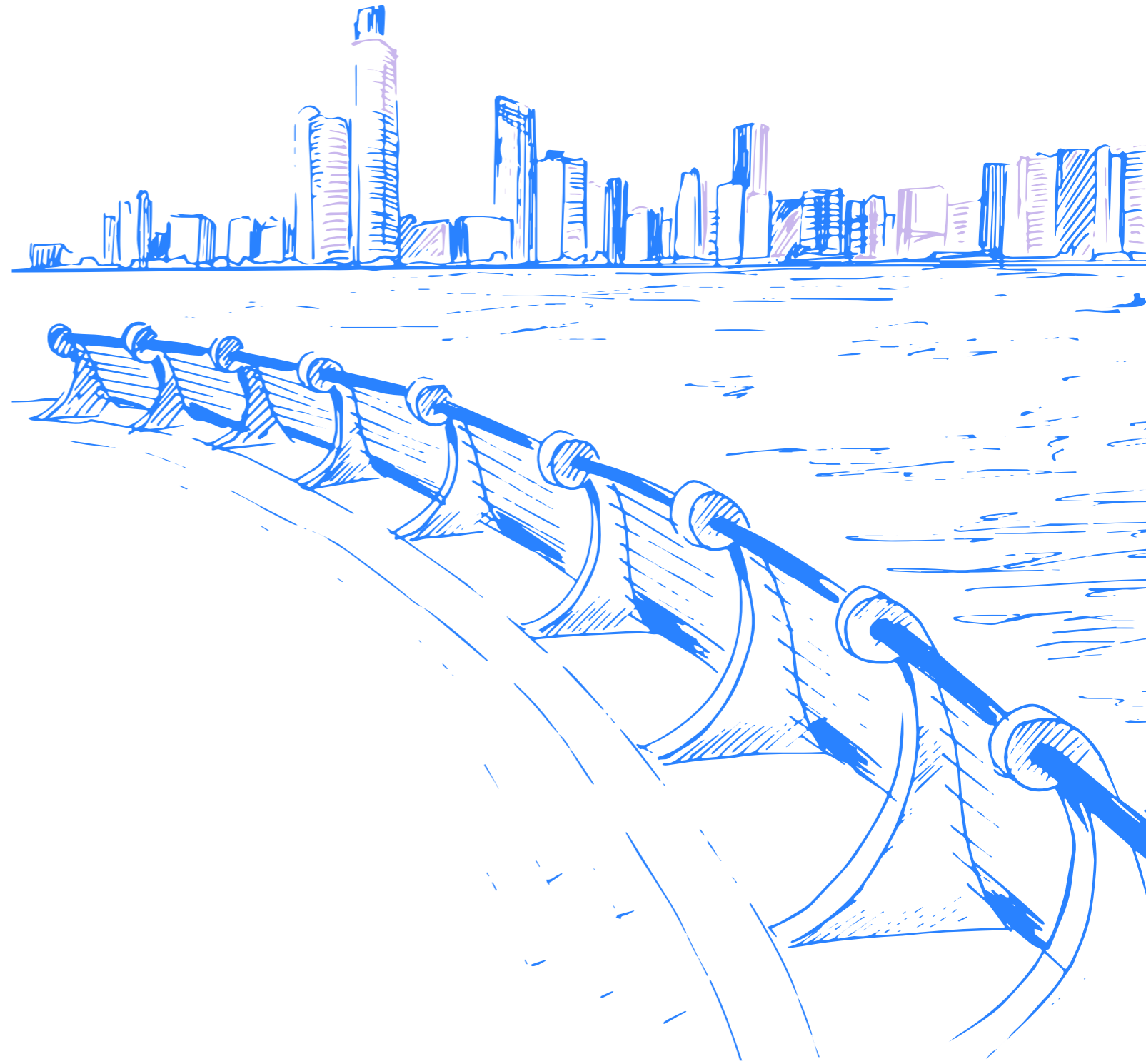
ENEC is another national champion making a considerable contribution to decarbonizing the UAE's energy sector through the Barakah Nuclear Energy Plant, a nation-defining clean energy infrastructure project. The plant is located in the Al Dhafra Region, approximately 53 km west-southwest of Ruwais, with four nuclear reactors supplying up to 25 percent of the UAE's electricity, having entered commercial service in February of 2023. Barakah is essential to the UAE's efforts to diversify its energy sources by providing clean and efficient energy to homes, businesses and government facilities while reducing the nation's carbon footprint. The plant is expected to prevent up to 21 million tons of carbon emissions yearly, equivalent to taking 3.2 million cars off the road.



### Emirates Water and Electricity Company (EWEC)

EWEC is the pre-eminent company leading the evolution of water and power supply management in the UAE, making it a national champion. The organization is also progressing development and procurement of the world's largest reverse osmosis (RO) desalination project, Taweelah RO, one of the most energy and cost-efficient RO plants ever built. Thanks to its innovative desalination technologies, Taweelah RO will soon meet the water demands of more than 350,000 homes and multiple industries in the surrounding area. EWEC also owns and sells Clean Energy Certificates for solar and nuclear-generated electricity throughout Abu Dhabi, which empowers other organizations to achieve their sustainability objectives.

Beyond the sustainability activities of national champions, modeling how to mitigate biodiversity risks and preserve natural ecosystems effectively is also integral to sovereign wealth fund activities to build sustainable and resilient economies. ADQ is working across multiple projects supporting ongoing initiatives led by the Environment Agency - Abu Dhabi (EAD) that contribute to preserving native habitats and species and restoring the ecological balance of Abu Dhabi's deserts and mangroves.



“ Our vital responsibility is to ensure a sustainable, secure water and power supply that accelerates the UAE's energy transition and successfully realizes the nation's energy strategy. We achieve this through transformative technologies that significantly improve efficiency and affordability.

**OTHMAN JUMA AL ALI**  
Chief Executive Officer, EWEC





## HOW SOVEREIGN WEALTH FUNDS CREATE RESILIENT, COMPETITIVE ECONOMIES

In an increasingly dynamic global economy, sovereign wealth funds have emerged as powerful instruments of economic resilience and national competitiveness. Sovereign wealth funds are critical to supporting government policy and growth strategies, investing in infrastructure, creating national champions and stimulating innovation by investing in R&D across their portfolios.

These investment vehicles can uniquely deploy substantial financial resources across sectors and geographies, driving sustainable growth and stability. By wielding significant influence over economic outcomes, sovereign wealth funds enable countries to navigate uncertainty, seize opportunities and create competitive advantages.

So how else do sovereign wealth funds work to increase economic resilience and competitiveness?



### Financial and economic stabilization under challenging circumstances

Sovereign wealth funds have played an instrumental role in delivering stability around the world by acting as a buffer during economic downturns and other 'black swan' events. Their large asset pools, often generated by commodity exports, are strategically deployed to protect domestic markets. For example, several sovereign wealth funds acted as economic first responders by their respective governments, with USD 211.3 billion being withdrawn from 33 funds across 27 countries during the first two years of the pandemic.

During the 2008 global financial downturn, sovereign wealth funds from across East Asia and the Middle East were a stabilizing influence for global markets with substantial capital injections - totaling more than USD 35 billion - into multiple large banks.<sup>4</sup> Replenishing capital for systemically important banks helped contain the impact of the crisis on credit markets and helped continue bank and interbank lending - crucial for improving resilience.



### Long-term horizons and 'patient' capital

As sovereign wealth funds are not subject to many short-term pressures other investment vehicles face, such as immediate shareholder returns, capital is allocated with a much longer horizon in mind. This is because sovereign wealth funds, by institutional design, are state-owned, insulated mainly from market cycles and often funded by foreign exchange reserves or commodity revenues. Policy mandates of sovereign wealth funds, such as supporting national development and inter-generational wealth creation, also require a longer horizon. This is also why sovereign wealth funds are well suited to supporting infrastructure projects that can take many years to build before realizing any financial gains. But once constructed, infrastructure of national importance contributes significantly to long-term economic productivity and resilience. Similarly, sovereign wealth funds are seen as 'patient' capital providers because they typically stay invested longer compared to other market participants, even during shorter market volatility and economic cycles.

Other ways sovereign wealth funds improve economic resilience and competitiveness include co-investment partnerships, fostering economic diversification, accelerating the proliferation and growth of SMEs, filling critical market gaps and growing national wealth by investing internationally.

### Co-investment to stimulate economic cooperation and trade

Many sovereign wealth funds are also forging more co-investment partnerships as part of their growth plans and efforts to build resilient, sustainable economies.

These collaborative agreements allow funds to support bilateral trade better and deepen the ties between nations. In 2022, Hellenic Development Bank of Investments (HDBI), the Sovereign Fund-of-Funds of Greece; the Hellenic Development Bank (HDB), the national development bank of Greece; and ADQ committed to fund investments worth 4 billion euros across multiple sectors and asset classes of the Greek economy.

Co-investments between sovereign wealth funds provide additional advantages, such as spreading risk, pooling resources and enhancing returns. These partnerships allow sovereign wealth funds to coordinate more effectively to achieve shared objectives and leverage other organizations' expertise to create greater value. As the QIA did when partnering with the China Investment Corporation (CIC) to invest in China's Belt and Road Initiative. Similarly, Indonesia Investment Authority (INA) is pitching to Australian super funds to invest alongside it in one of Asia's largest economies.

Successful economic cooperation has also been predicated on robust relationships reinforced by sovereign wealth funds globally that are strategically deploying capital for mutual growth without compromising state interests - including sustainability.

**MIREK DUSEK**  
Managing Director, World Economic Forum



### Fostering economic diversification through the growth of SMEs

Sovereign wealth funds are well positioned to act as levers of demand in local economies, addressing market gaps and investing in the growth of SMEs through dedicated funds. Balancing the growth of large state enterprises with competitive SMEs supports economic diversification and strengthens the broader enterprise base beyond national champions - having a larger number of economically active SMEs is critical for job creation.

Abu Dhabi has a range of In Country Value (ICV) programs focused on supporting local SMEs in multiple ways. The 'Ghadan 21' program invests in smaller companies by directing government procurement to use local suppliers. It makes it easier and faster to start a business by, for example, enabling companies to get a trade license without first establishing a physical office space.

This strategic focus on SMEs is vital because it supports the emergence and growth of new companies, encourages competition throughout the private sector, maximizes growth in high-value-added economic sectors and lays the groundwork for creating the next generation of national champions.

### Plugging market gaps

Sovereign wealth funds also identify market inefficiencies and tackle underserved segments through targeted investment. Abu Dhabi benefits from a vibrant financial sector and seeks to champion growth for businesses of all sizes by establishing new companies that address the market's unmet needs. As exemplified by Wio - a new digital banking platform developed in collaboration between ADQ, First Abu Dhabi Bank (FAB), e& and Alpha Dhabi - to provide innovative and accessible banking services to start-ups, freelancers, SMEs and most recently, individual consumers. Similarly, in Saudi Arabia, Jada Fund of Funds, a subsidiary of Public Investment Fund (PIF) partnered with Abu Dhabi-based private equity fund, Aliph Capital to support funding in SMEs.

Indonesia is capitalizing on its resurgent economy by enhancing its infrastructure and allocating the resources needed for long-term development. Indonesia relies heavily on domestic shipping because it has more than 17,000 islands, so INA looked to the Middle East and established a USD 7.5 billion strategic partnership with DP World. The agreement will enhance Indonesia's maritime and port sector and strengthen its ties to the global manufacturing ecosystem. It will leverage Indonesia's domestic shipping network to create value across its supply chain.

### Capturing growth in key markets

Beyond investments in domestic markets, sovereign wealth funds recognize the immense potential for growth opportunities in other regions. By actively pursuing a geographic diversification strategy, sovereign wealth funds are strategically expanding portfolios across different markets to spread risk and unlock the advantages of burgeoning economies.

Capitalizing on the London office real estate market's attractiveness is Singapore's sovereign wealth fund GIC. In recent months, GIC has joined a partnership with BlackRock Alternative Real Estate and British Airways' New Airways Pensions Scheme to develop Tribeca King's Cross, a life sciences development, which will include 830,000 square feet of life sciences offices, including laboratories, as well as retail, restaurants and apartments across five buildings. This partnership builds on a series of similar investments in retail, leisure, office and student accommodation spaces.

ADQ's exploration of markets ranging from Egypt and Türkiye to Italy and Switzerland has resulted in acquisitions of industry-leading companies

that complement its cluster-based portfolio. The additions of Acino and Amoun to ADQ's portfolio deliver enhanced capabilities to bolster UAE pharmaceutical manufacturing and distribution. At the same time, the acquisitions of Louis Dreyfus Company (LDC) and Unifrutti Group have enabled ADQ to capture established global expertise to strengthen food resilience further.



AD Ports Group's vertically integrated business model has proven instrumental in driving the Emirate's economic development over the past decade, linking Abu Dhabi to the world and facilitating global trade.

**CAPTAIN MOHAMED JUMA AL SHAMISI**  
Managing Director and CEO, AD Ports Group



As a trusted advisor to sovereign wealth funds, we have seen first-hand how their ability to manage capital and resources more effectively has strengthened domestic markets through robust, disciplined investments that help create a better and more sustainable future for us all.

**SAEED ALAWAR**  
Partner and Head of Middle East, Rothschild & Co



## CONCLUSION

Strategic development sovereign wealth funds have emerged as formidable drivers of national economic growth and play a pivotal role in supporting global socioeconomic progress. Their adaptability to shifting global investment patterns and governments' changing economic priorities has been marked by their evolution.

The extension of investment horizons towards the long term has amplified in-country productivity, significantly contributed to economic diversification and heightened future competitiveness in critical sectoral clusters of strategic importance, such as renewable energy, healthcare and technology.

In this pursuit, strategic development funds have fostered national and international champions, catalyzing the growth of sectoral clusters, spurring innovation and R&D and delivering sustainable economic impact. The proliferation of these funds brings a responsibility to position domestic assets as global industry leaders, enabling them to compete effectively in international markets.

Beyond financial considerations, strategic development sovereign investors have broadened their horizons to include deploying capital where it can have the most positive and effective socioeconomic impact on communities, citizens, and residents. It is reasonable to anticipate that the latest generation of sovereign wealth funds will continue on this well-established path, accelerating economic growth, fortifying resilience, promoting sustainability and enhancing the overall quality of life, laying the foundation for a prosperous world for future generations.

The activities of sovereign investors today fortify a prosperous tomorrow for nations worldwide. Our impact extends beyond financial returns, transcending social barriers with an immediate effect on people's livelihoods.

**DR. JAAP KALKMAN**  
Group Chief Investment Officer, ADQ

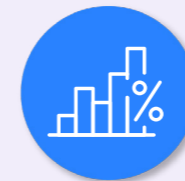


## FIVE KEY FACTORS UNDERPIN THE SUBSTANTIAL ROLE OF STRATEGIC DEVELOPMENT SOVEREIGN WEALTH FUNDS:



### Driving impact domestically

Spurring direct investments, joint ventures, nurturing new partnerships and participating in overseas infrastructure projects



### Creating national champions

Nurturing prominent domestic companies within strategically important sectoral clusters, expanding their capabilities for positive multiplier effects on the economy



### Stimulating innovation and R&D

Establishing partnerships with private sector companies, encouraging foreign direct investment to promote R&D and innovation within portfolio companies



### Driving sustainable outcomes

Embedding ESG considerations within investment approaches, aiming to contribute to building more resilient economies while supporting national sustainability aspirations



### Creating resilient, competitive economies

Enhancing in-country productivity, forging co-investment partnerships, supporting the growth of SMEs, plugging market gaps and embracing a geographic diversification strategy



**Visit [www.adq.ae](http://www.adq.ae)  
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Established in 2018, ADQ is an Abu Dhabi-based investment and holding company with a broad portfolio of major enterprises. Its investments span key sectors of the UAE's diversified economy, including energy and utilities, food and agriculture, healthcare and life sciences and mobility and logistics, amongst others. As a strategic partner of Abu Dhabi's government, ADQ is committed to accelerating the transformation of the Emirate into a globally competitive and knowledge-based economy.

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