

Quicktake

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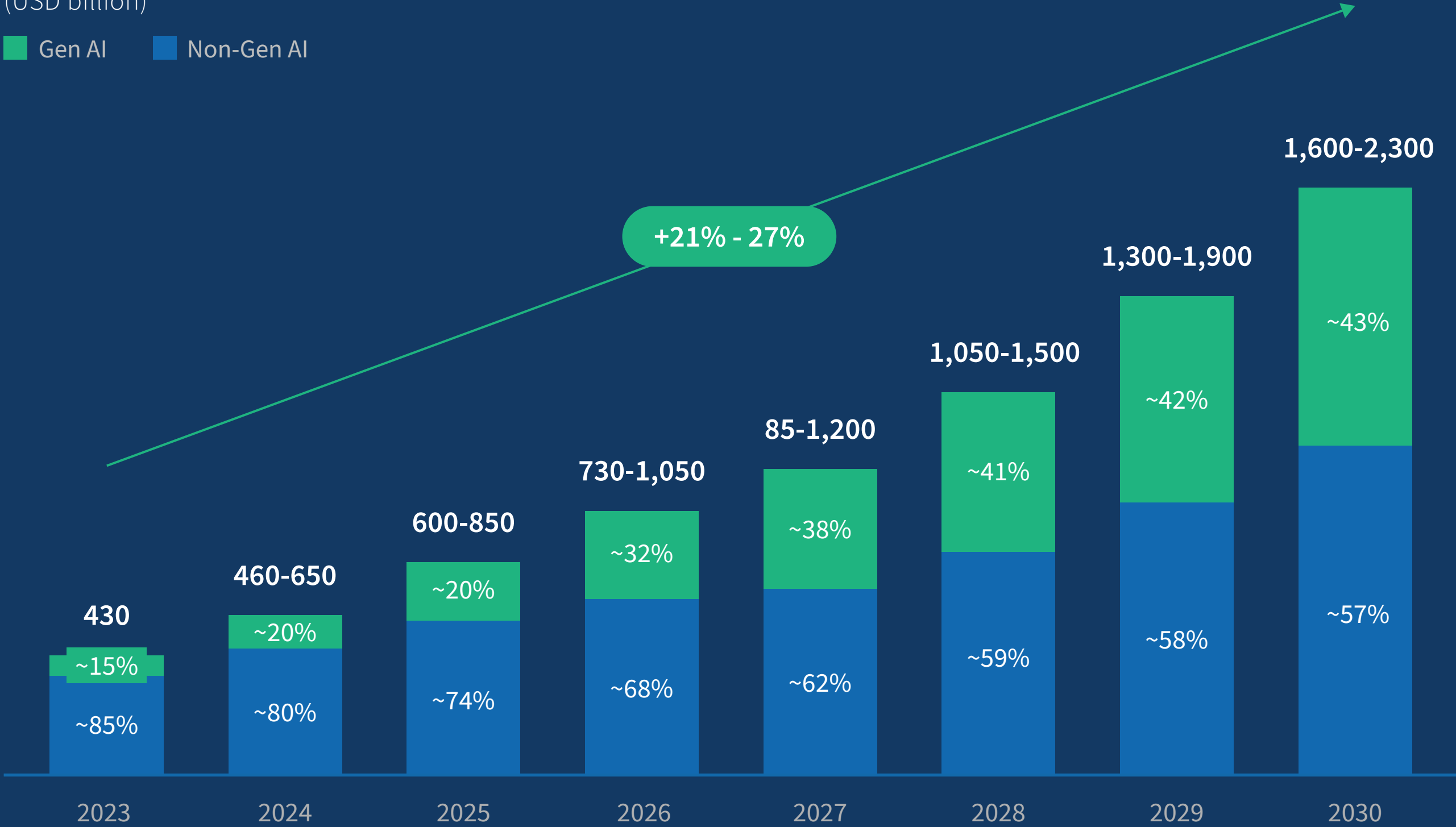
How Can Sovereign
Wealth Funds Navigate the
AI Investment Landscape?

The global AI market is expected to reach more USD 2 trillion by 2030


Global AI Market Forecast

(USD billion)

Gen AI Non-Gen AI



+21% - 27%

 **Insights** Non-Gen AI currently dominates the AI market, but the share of Gen AI is projected to triple from ~15% in 2023 to ~43% by 2030

Sovereign wealth funds (SWFs) can play a central role in driving national AI agendas

POTENTIAL ROLE OF SWFs IN BUILDING AI ECOSYSTEMS



Aligning investments with AI priorities

SWFs can align investments with national priorities, driving economic growth and supporting goals like digital transformation, sustainability and AI-driven development.



Bridging gaps and attracting private capital

SWFs can fill investment gaps, de-risk opportunities and attract private capital to foster economic development.



Adopting a generational perspective on returns

SWFs can focus on long-term returns to ensure financial stability and wealth for future generations by investing in foundational initiatives.



Shaping local and regional market structures

SWFs can shape market structures by strategically investing in key sectors to boost competitiveness or by building relevant consortia through the existing partner network.



Engaging in strategic vehicles across the spectrum

SWFs can assess strategic vehicles for execution based on their alignment with objectives and ability to mobilize capital, drive innovation and engage stakeholders.

Major SWFs have already secured substantial positions in key AI companies

TOP 10 SWFs WORLDWIDE

RANK	COUNTRY	SWF	~AUM (USD billion)
1		GPIFG	1,667
2		CIC	1,332
3		SAFE IC	1,235
4		ADIA	1,109
5		KIA	969
6		PIF	925
7		GIC	847
8		QIA	510
9		ICD	360
10		Mubadala	302
11-50	NA	Various global SWFs	77 ¹

Key equity holdings in AI companies include **Microsoft** (USD ~43 billion), **NVIDIA** (USD ~35 billion), **Meta** (USD ~15 billion), **Amazon** (USD ~23 billion) and **TSMC** (USD ~14 billion)

Key investments in AI companies include **Mistral**, **Alat** and **Databricks**

Key investments in AI companies include **Builder.ai** (led series D funding round of USD 250 million), **Databricks**, and **Ardian Semiconductor**²

Key investments in AI companies include **G42**, **M42** and **MGX**

Note: (1) Average AUM for SWF ranked 11-50 by asset size; (2) Deal has not been finalized;
Sources: Global SWF, NBIM, Forbes, QIA, Gulf Times, Mubadala, FTI Delta.

A clear investment strategy is essential to thrive in the competitive AI market

KEY CONSIDERATIONS FOR INVESTMENT STRATEGY



Define clear investment goals

Clarify the primary objective of the AI investment to **align efforts with measurable outcomes**

Specific goals can include maximizing portfolio returns, building an ecosystem, developing local AI talents, localizing solutions or establishing a regional hub



Recognize own value proposition and limitations

Assess unique **strengths and constraints** to **identify what can be leveraged** effectively

Identify key factors such as capital, domestic demand, talent and infrastructure **that contribute to competitive advantage** when investing



Understand key risks

Evaluate potential challenges to **ensure informed and sustainable decision-making**

Consider risks such as technical obsolescence, inflated valuations, regional competition and regulatory risks

Depending on the key considerations, three common investment approaches are deployed by SWFs

INVESTMENT APPROACHES



1

Build national champions

Identify and invest in local AI champions (including existing portfolio companies) with high growth potential

Drive **national AI growth** with **strategic umbrella initiatives**, focused funding and comprehensive sector planning



2

Directly invest in / partner with larger players

Invest in or partner with large AI players (incl. through public-private-partnerships)

Generate interest of larger players in entering the local market via:

- Lighthouse projects
- Local presence setup
- Partnerships with existing local players



3

Foster co-investment opportunities

Partner with other SWFs to identify joint opportunities for investment/collaboration

Co-invest with tech leaders in global and local opportunities, including through public-private partnerships, on initiatives focused on advancing AI capabilities



Key Takeaway

AI investments can add significant value to existing companies within an SWF's portfolio while also offering standalone value

We are deep diving into investment approaches of four specific SWFs

SELECTED SWF CASE STUDIES



Saudi Arabia – PIF

PIF Saudi Arabia's sovereign wealth fund, is playing a pivotal role in the Kingdom's **economic diversification under Vision 2030**



Qatar – QIA

QIA was **established to grow Qatar's financial assets and diversify the economy** with significant investments locally and internationally, shaping technology advancements



UAE – Mubadala

Mubadala is an SWF of the UAE **committed to creating sustainable value by investing** in diverse sectors, including **technology and innovation**, to drive economic growth and diversification



Norway – GPF

Government Pension Fund Global, the **world's largest SWF**, manages Norway's **surplus oil revenues** to ensure long-term economic sustainability and foster value creation

Build national champions: PIF's strategic investments for ecosystem development



1

CASE STUDY:



SAUDI ARABI – PIF

Leveraging domestic demand, substantial capital and its unique position to establish a regional AI hub, Saudi Arabia's PIF is aligning its investments with ecosystem development goals, understanding regional dynamics and addressing key risks like competition from hubs such as UAE and Qatar.

PIF INVESTMENTS FOR ECOSYSTEM DEVELOPMENT

PROJECT TRANSCENDENCE

The project aims to invest up to **USD 100 billion in developing AI infrastructure**, including data centers and startups

Target is to **establish KSA as a global tech hub**

A key element of Project Transcendence will involve a collaboration between the PIF and Alphabet Inc.'s Google to **create an AI hub**

LUCID MOTORS

The PIF owns **~60% of Lucid Motors**, with over **USD 8 billion** invested

Lucid's flagship EV, the Lucid Air, features DreamDrive Pro, **an AI-powered driver-assistance** system using NVIDIA DRIVE

Lucid **leads in AI-driven autonomous vehicle innovation**, setting it apart in the market

SCAI

SCAI is wholly owned by the PIF and acts as **PIF's arm in the AI and emerging technologies sector**

SCAI focuses on **building capabilities and delivering solutions** to establish the Kingdom as a **leading AI hub globally**

PIF's strategic investments aim to build a robust AI ecosystem, drive technological leadership and develop national champions

Build national champions: Mubadala's investment in G42



1 CASE STUDY: UAE – MUBADALA

Mubadala **leverages its capital and strategic focus** to invest in technology and innovation, **driving economic growth and diversification** while **establishing the UAE as a hub for cutting-edge AI research** and applications while addressing **key risks in emerging markets**



UAE – G42

G42 is a **leading UAE-based AI and cloud computing company** known for driving innovation across multiple sectors, including energy, smart cities and national security

BENEFITS FOR MUBADALA

Channels investments into AI, diversifying the economy and boosting technological advancement

Enhances the UAE's profile as a regional hub for AI development and innovation

Strengthens talent development and knowledge transfer in emerging technologies

DEAL DESCRIPTION & GOALS

Mubadala's investment in G42 aligns with the UAE's vision of establishing itself as a hub for cutting-edge AI research and applications, fostering the development of AI capabilities across key sectors such as healthcare, energy and public services

BENEFITS FOR G42

Access to substantial funding for large-scale AI projects, enhancing global competitiveness

Increased credibility, positioning G42 as a leader in AI innovation and applications

Opportunities for partnerships and international collaborations

Directly invest in/partner with larger players: QIA's international investments selection



2

CASE STUDY:  QATAR – QIA

The Qatar Investment Authority (QIA) has leveraged **strategic investments** in AI and technology leaders to **strengthen Qatar's position as a global hub** for innovation and advanced solutions.

QIA INTERNATIONAL INVESTMENTS SELECTION

BUILDER.AI

In May 2023, QIA led a **USD 250 million Series D funding round for UK-based Builder.ai**

Builder.ai is an **AI-powered composable software platform** that simplifies software development for businesses and individuals

xAI

In December 2024, QIA reportedly participated in the **USD 6 billion funding round for Elon Musk's xAI**

xAI is an **all-around developer of AI products**, including Grok, its flagship Gen AI model powering features in X

Other SWFs, incl. **the Oman Investment Authority**, have participated in the fundraising

Databricks

In November 2023, **QIA announced its participation in the Series I funding** round of San Francisco-based Databricks

Databricks is a USD 40+ billion **Data and AI company** that serves **over half of the Fortune 500 enterprises**

QIA's investments aim to drive global AI innovation, enhance technological leadership and establish strategic partnerships with international players to shape the future of technology

Directly invest in/partner with larger players: GPFG's investment in Nvidia



2 CASE STUDY: NORWAY – GPFG

Norway's Government Pension Fund Global (GPFG) strategically invests in NVIDIA, **leveraging its capital to drive innovation** in AI and graphic processing unit technology while **aligning with its objective to diversify investments** into innovative and sustainable sectors.



United States – Nvidia

Nvidia is a **leading technology company specializing** in graphics processing units, AI, and **high-performance computing solutions**

BENEFITS FOR GPFG

Enhances the fund's portfolio returns, leveraging NVIDIA's performance in the AI and tech sector

Contributes to global advancements in AI, aligning with Norway's focus on ethical technology investment

Positions Norway as a forward-looking investor in transformative technologies

DEAL DESCRIPTION & GOALS

The Government Pension Fund of Norway has invested approximately USD 35 billion in NVIDIA, aligning with its strategy to **diversify investments into innovative and sustainable sectors**

BENEFITS FOR NVIDIA

Access to substantial and stable investment from the world's largest sovereign wealth fund

Enhanced credibility and investor confidence through association with GPFG

Long-term shareholder backing to fund R&D and scale AI capabilities globally

Foster co-investment opportunities: Mubadala's MGX partnerships and investments selection

 **3** CASE STUDY:  UAE – MUBADALA

Mubadala's MGX **strategically collaborates** with global AI leaders and partners to **foster co-investment opportunities, driving advancements in AI infrastructure** and **data-driven technologies**

MUBADALA'S MGX PARTNERSHIPS AND INVESTMENTS SELECTION

OPEN AI

In October 2024, MGX **participated in OpenAI's USD 6.6 billion fundraising**

Other co-investors include **Thrive Capital, Khosla Ventures, Microsoft, NVIDIA**

The investment **valued OpenAI at USD 157 billion**

Separate from the funding discussions, OpenAI CEO, Sam Altman has talked with MGX board chair and investor H.H. Sheikh Tahnoun bin Zayed Al Nahyan about **a potential effort to increase the world's chip-building capacity**

AI INFRASTRUCTURE FUND

In September 2024, BlackRock, Global Infrastructure Partners, Microsoft and MGX launched a **new AI partnership to invest in data centers and supporting power infrastructure**

The partnership will initially seek to **unlock USD 30 billion of private equity capital** over time from investors, asset owners and corporates

Mubadala's MGX investments aim to advance global AI capabilities, drive collaborative innovation and strengthen technological leadership through strategic co-investments

Foster co-investment opportunities: Partnership between Saudi Arabia's PIF and Bahrain's Mumtalakat

 **3** CASE STUDY:  SAUDI ARABIA – PIF

Partnership between PIF and Mumtalakat **aims to foster economic diversification and technological collaboration, leveraging mutual strengths** to unlock growth opportunities in Bahrain's strategic sectors while addressing potential **risks** such as **market competition**



Bahrain – Mumtalakat

Mumtalakat is **Bahrain's sovereign wealth fund**, focusing on **long-term investments in strategic sectors** such as infrastructure, technology and industrials to **support Bahrain's economic growth**

BENEFITS FOR PIF AND SAUDI ARABIA

Allows PIF to expand its AI portfolio, tapping into Bahrain's tech market and advancing Saudi Arabia's Vision 2030 initiative

Strengthens Saudi Arabia's regional influence in AI, enabling collaboration in digital transformation

Positions Saudi Arabia as a regional AI leader, attracting talent and investments

DEAL DESCRIPTION & GOALS

MoU between PIF and Mumtalakat lays the groundwork for joint investments in strategic sectors/verticals, including AI and digital transformation, unlocking mutual growth opportunities with a focus on investments in the Kingdom of Bahrain

BENEFITS FOR MUMTALAKAT

Mumtalakat can leverage PIF's capital and expertise, accelerating Bahrain's AI and tech capabilities

Enables Bahrain to scale AI initiatives, boosting competitiveness in finance, healthcare and logistics

Strengthens Bahrain's regional AI standing, fostering collaboration in tech advancements

In conclusion, there are five key takeaways on SWF market entry



1.

AI presents a **large global opportunity**, with the **market expected to exceed USD 2 trillion by 2030**



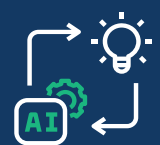
2.

SWFs play a central role in advancing national AI agendas by **aligning investments** with priorities, **bridging gaps and attracting capital**, adopting a **long-term perspective on returns, shaping** local and regional **markets** and **leveraging strategic vehicles**



3.

Large SWFs globally have already **secured substantial positions in leading AI companies**



4.

Key considerations for SWFs evaluating AI investments include **defining clear goals, recognizing value propositions and limitations, and understanding key risks**



5.

Common investment approaches deployed by SWFs include building a local ecosystem to **support national champions**, directly investing in or partnering with **larger players** and fostering **co-investment opportunities**

Reach out to our experts to learn more about how FTI Delta can help

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