

ALPHA INTELLIGENCE

THE INVESTMENT FUND
OF THE FUTURE



INTRODUCTION

ARTIFICIAL
INTELLIGENCE
IS USHERING IN
THE MOST PROFOUND
TECHNOLOGICAL
TRANSFORMATION
OF OUR LIFETIMES,
RESHAPING HOW
INVESTMENT FIRMS
OPERATE AND
DRIVE ALPHA.

ABOUT THE AUTHORS

Mubadala is a sovereign investor that manages a diverse portfolio of assets spanning multiple sectors and geographies, with more than \$330 billion of assets under management. Mubadala partners strategically to deliver sustainable financial returns for its shareholder, the Government of Abu Dhabi, and to build industries of the future.

MGX is a leading AI and advanced technology investor committed to accelerating the responsible development of AI-led technologies that will deliver a positive economic and social impact. By partnering with global leaders in AI, MGX seeks to build one of the world's most advanced AI ecosystems to create value, drive progress and shape the future of advanced technologies around the world.

EXECUTIVE SUMMARY

The meteoric rise of artificial intelligence (AI) is creating a wave of excitement over its potential to transform workflows, economies and society.

This transformation will be unprecedented in scale, pace and impact. That is the promise. But in common with all major technological leaps, a degree of skepticism is creeping in as change proves to be hard and progress lags hype.

This white paper aims to provide an overview of how investors are using AI to drive alpha today and where the technology might take them next. It is based on an extensive review of AI adoption across the industry and detailed case studies of global investment funds at different stages of AI integration.

Current usage is still at the 'augmentation' stage, with both funds and portfolio companies mainly using AI to enhance efficiency as opposed to achieving a step change in growth. Within the next three to five years, however, funds' data-science teams foresee the technology delivering groundbreaking applications across the investment lifecycle and for portfolio companies.

The ability of funds to identify, capture and create value with AI means that competition for high-quality deals will intensify. Early adopters that reorient their organizations to thrive in an AI-native environment will be at an advantage in this heightened competitive landscape, despite the near-term uncertainties around the cost and impact of investing in AI.

Within the global investment fund industry a few investors have begun to pull away from the pack. These frontrunners have clear AI strategies and are building capabilities and processes at both the operational and portfolio company level. This activity is not going unnoticed by Limited Partners, who display a distinct preference for backing General Partners that use AI.

Mubadala has been investing in disruptive technologies for decades. Today, its investments span foundational models, infrastructure and applications. MGX, which was established more recently, is adopting a comprehensive ecosystem approach to AI, with a focus on investing in AI infrastructure, semiconductors and foundational AI technologies and applications. Accordingly, both organizations are dedicated to embedding AI in their operations, which is being carried out on the back of a multi-year commitment to investments in data, people and tools to drive AI-centricity and internal transformation.

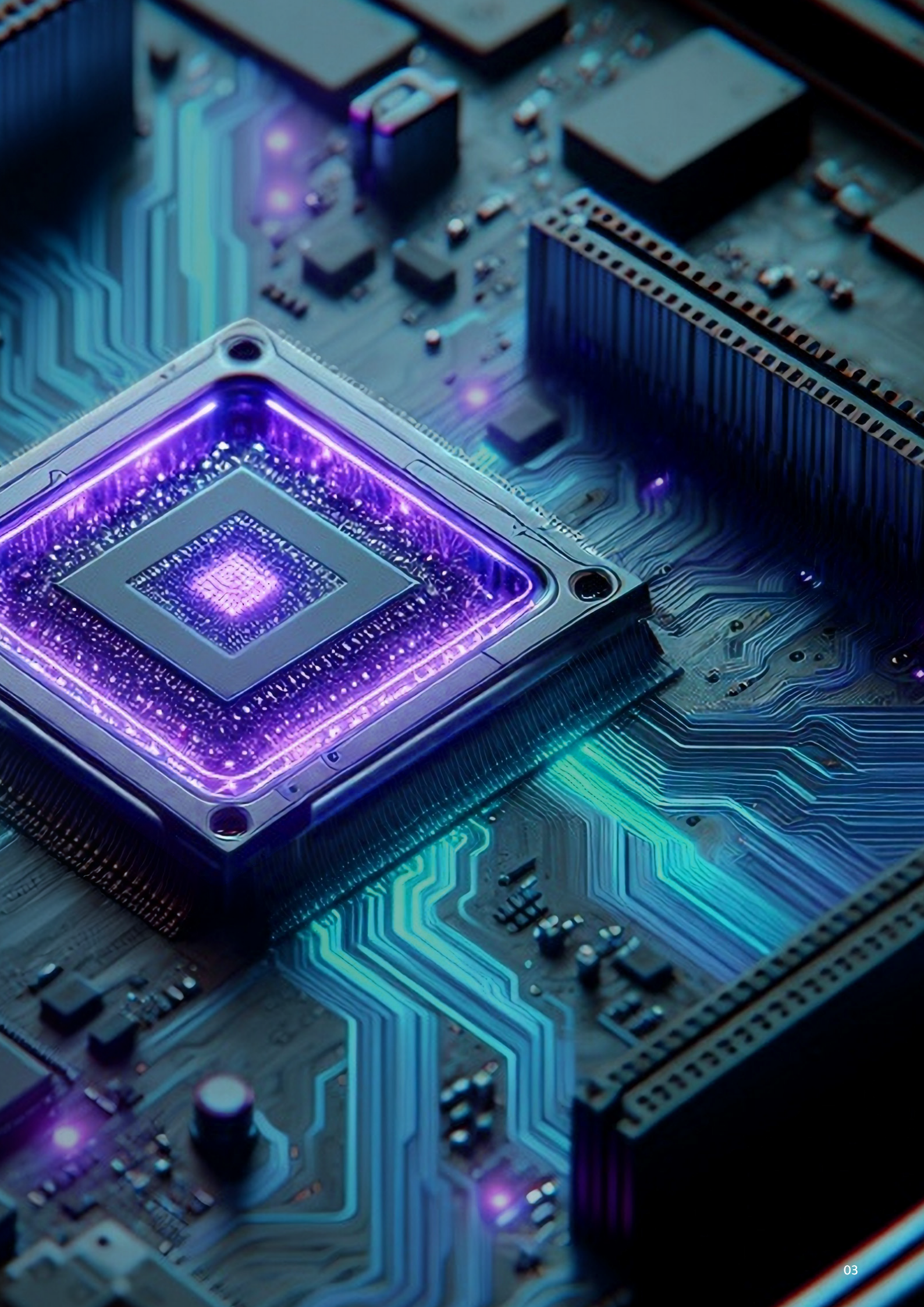
AI transformations are complex and require the long-term commitment of top executives anchored in a well-defined AI adoption strategy. A successful transformation rests on three pillars: a) robust data strategy and infrastructure; b) transforming the organization, operating model and talent; and c) change management focused on an AI-first culture and tool adoption.

In the face of rapid changes and big challenges, investors should adopt an agile approach focusing on a few high-value use cases to test.

Lastly, AI transformations will create new alliances. AI investors will need to strategically partner with a broader ecosystem including regulators, innovator start-ups and academia to successfully drive and adopt innovation.

AI WILL REDEFINE INVESTING

There is no doubt that AI represents a huge advance in technology, akin to the birth of the internet.



Investors are already well attuned to its potential to turbocharge the investment industry - deepening insights, accelerating deal-making and enhancing the performance of portfolio companies (PortCos) - although actual use cases of AI in these areas are still at the experimental stage.

In this respect, AI is following the same pattern as other disruptions: first augmenting what humans do to drive efficiency, then displacing human tasks, then creating completely new business models, industries and activities. The speed of adoption is unprecedented. It took seven years for the World Wide Web, launched in 1991, to reach 100 million users. Facebook (2004) got there in four-and-a-half years; WhatsApp (2009) in three-and-a-half years; TikTok (2016) in nine months; and ChatGPT (2022) in just two months. The pace of innovation is also growing exponentially. In just four years, AI models advanced from a 0% score on the ARC-AGI benchmark in 2020 to 5% in early 2024 (with humans scoring 85%), and then, only a few months later, OpenAI's O3 model, launched in December 2024, achieved a score of 87.5%.

AI's transformative impact will extend across nearly all industries, spanning functions such as customer service and marketing. However, its impact will not be felt equally. In healthcare, for example, AI tools are helping healthcare providers create personalized treatment plans, while in education 24/7 AI tutors have become an important part of learning. On the other hand, the impact of AI on industries such as utilities and construction is expected to be more limited, at least initially.

Today, the technology is still at the 'augmentation' stage for investors, mostly enhancing human productivity. A review of AI usage case studies across global investors conducted for this white paper showed that many are using AI to automate deal-making tasks such as producing summaries of target

documents, extracting data and flagging potential areas of concern. AI is also being applied to portfolio monitoring processes, including extracting key data from company reports and other sources. A few investor firms have built sizeable teams (~40-70 FTEs) of technical experts and data scientists who are responsible for developing proprietary AI tools, integrating third-party applications and assisting portfolio companies to do the same.

If companies are still waiting and watching, they will be left behind.

The Evolution and Impact of AI Over Time



¹ARC AGI Benchmark is a test created by the Alignment Research Center (<https://www.alignment.org/>) to evaluate whether an artificial intelligence system can perform tasks that require broad general intelligence, such as reasoning, planning and adapting to novel problems.



93%

IN A BAIN & COMPANY SURVEY OF 30 LEADING PE FUNDS, MOST RESPONDENTS BELIEVE GENERATIVE AI WILL DELIVER MODERATE TO SIGNIFICANT VALUE WITHIN 3 YEARS, AS ITS CAPABILITIES ADVANCE AND BECOME MORE INTEGRATED INTO VARIOUS APPLICATIONS AND INDUSTRIES.

LOOKING AHEAD TO THE NEXT FIVE YEARS

A recent survey of 30 private equity firms with a combined total of \$3.2 trillion in assets under management (AUM) by management consulting firm Bain & Company found that only 2% of General Partners (GPs) expect to realize significant AI-driven value within the next year, but that a striking 93% anticipate moderate to substantial benefits within three years.

Leaps in AI, and especially in agentic AI systems that learn and adapt as they execute tasks, will unlock much greater investment support. As part of case study deep dives for this white paper, the VP of Data Science at a leading global investment fund reported their company was using “years of internal data to replicate the capabilities of junior professionals.” Across the deal cycle, AI innovations will redefine how investors find, create and capture value.



...AI agents can significantly enhance analysis at scale and speed unattainable by traditional methods, enabling investors to uncover new revenue opportunities, and explore add-on M&A prospects among others...

- VP of Data Science, Asian SWF

Potential Use Cases of AI Across the Investment Life Cycle



Increased speed



Improved Accuracy



Enhanced Scalability



Better Decision Making

AI tools will potentially start playing a role in sourcing, an activity that largely rests on strong relationships today, by creating real-time pipelines with pre-qualified targets. In screening and diligence, analyst agents could replace a significant amount of junior resource workflow, automating activities such as company profiling and value creation opportunities and risk identification. "In some instances, AI tools helped us to not make investments or avoid allocating resources to things that were marginal or moving in the wrong direction, and that was really valuable," said the senior executive at a large global investment fund.

PortCo value creation is set to be transformed by the possibility of more dynamic value creation plans as well as more effective execution and monitoring by AI-enabled portfolio operations and PortCo management teams.

The Head of AI Platforms at one fund says: "In portfolio management, AI-based agents could be leading value-creation plan development, monitoring and updates in the next few years... but human judgment will remain vital."

In the exit phase, AI tools are expected to optimize exit timing, identify potential buyers and automate documentation, ensuring faster and more efficient processes.

Overall, AI systems will speed up investment workflows, increase accuracy, enhance scalability and improve decision-making.

RISING STAKES

As AI enables investors to screen and evaluate targets more effectively, competition for high-quality deals will intensify. High-potential opportunities and underlying value will be identified more quickly and with greater precision. As a result, investors will be able to bid on higher-potential targets and underwrite with greater confidence. Consequently, competition for attractive deals will increase, giving upward pressure to valuation of high-quality targets. Those with differentiated AI capabilities will have a sustainable competitive advantage.



...AI will completely transform due diligence - what takes months today could soon take hours, revolutionizing deal evaluation with unprecedented speed and depth...

- Senior AI Specialist, Global Investment Fund



Sourcing and screening

AI enables investors to screen and evaluate targets more effectively



Research and Dilligence

High-potential opportunities will be identified faster and with greater precision



Bid

Investors will be able to bid on higher-quality targets

...resulting in more competition
for better deals

PULLING AWAY FROM THE PACK



Because the technology is still so new there are not yet clear leaders deploying AI at scale across the investment lifecycle. However, we see an initial group of frontrunners beginning to pull away from the pack.

Although advanced analytics have been applied to data for over a decade, the emergence of large language models (LLMs) and GenAI has ushered in a new era by democratizing AI usage. At investments firms however, GenAI usage is still experimental and few expect to see significant value within the next 12 months, with expectations that most value is five years away (Bain & Company survey).

For now, funds are keeping AI strategies close to their chest. Looking at the size and maturity of data-science teams offers one way of gauging commitment to AI-powered transformations. For the investment firms studied in detail, for example, the average tenure of data scientists was only three years - indicating recent ramp-ups. Team size also varied significantly, from just 10 employees to more than 50 (irrespective of overall

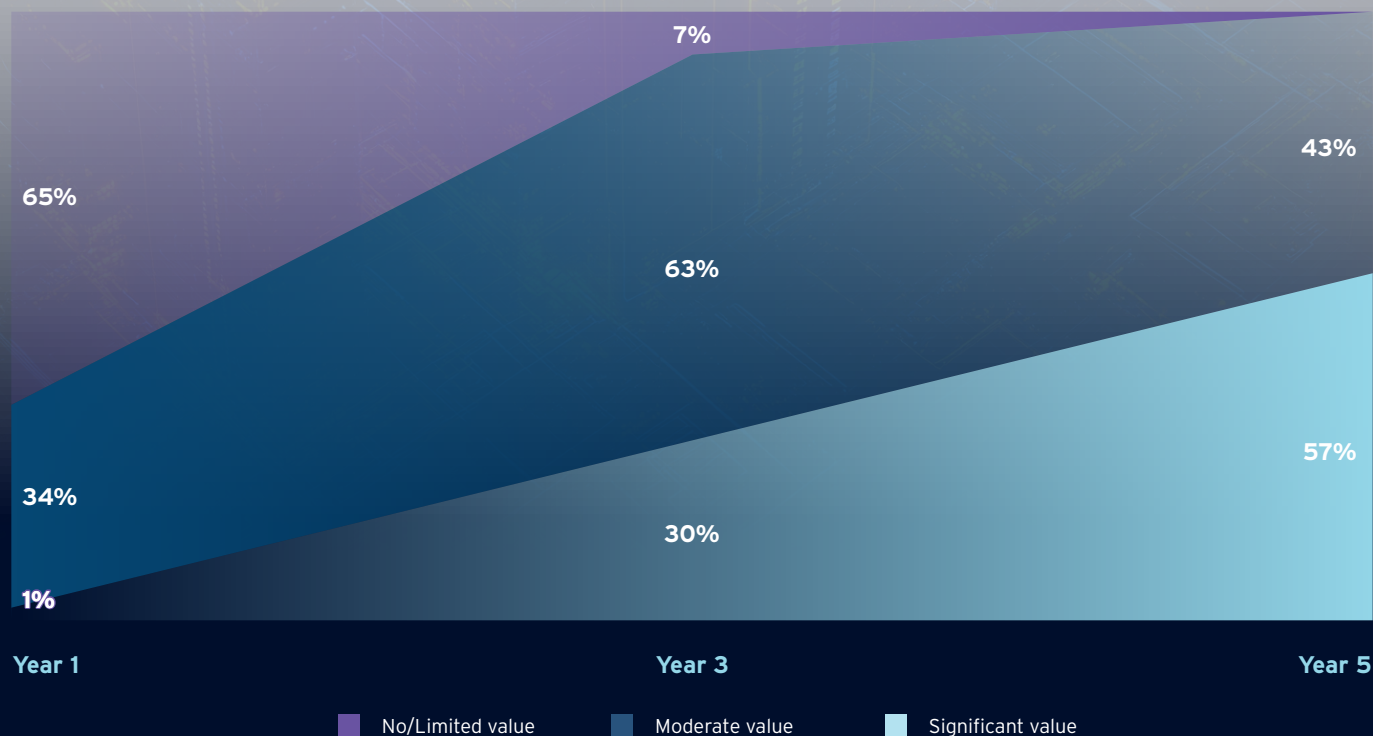
firm size or AUM). Additionally, funds can leverage a hybrid model - led with core talent internally and supported by captive or outsourced support.

Those that are most advanced began building their data-science teams 10 years ago - well before the rise of LLMs. Slower movers are now trying to catch up.

FUNDS' EXPECTATIONS OF THE IMPACT OF GENAI

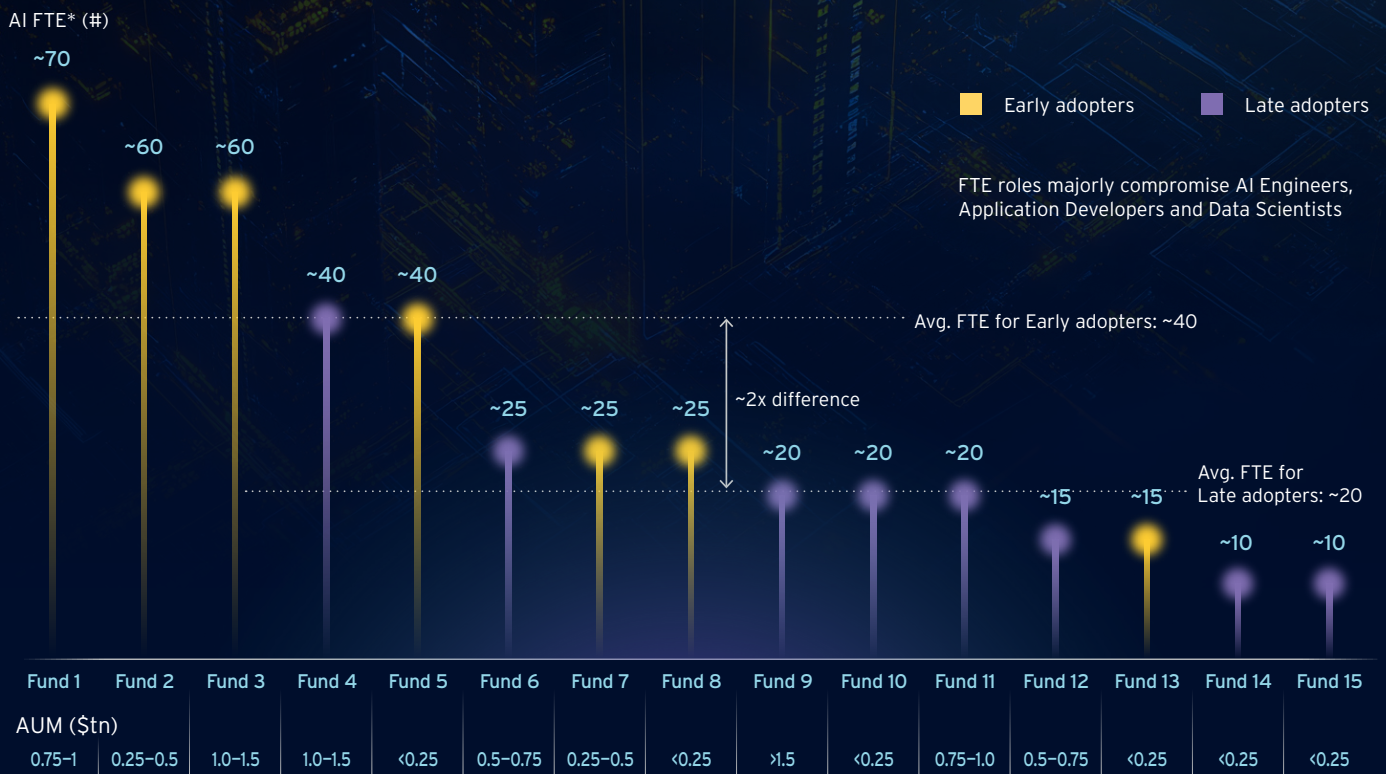
Expectations of AI impact are high

Percentage of respondents expecting to capture value from GenAI over time



SIZE OF AI TEAMS AT FUNDS

Early adopters of AI have ~2x the AI FTEs of late adopters



Note: *FTE includes employees working in AI, ML, Data Analytics teams in global top 20 funds by AUM

Source: Employee data available on LinkedIn

~18%

JUST 24 MONTHS SINCE THE LAUNCH OF CHATGPT, ONE FIFTH OF PORTFOLIO COMPANIES ARE ALREADY USING AI FOR GENERATING VALUE, ACCORDING TO A 2024 BAIN & COMPANY SURVEY.

The Impact of AI on Productivity and Efficiency



14%

Increase in issues resolved per hour by customer service agents

- National Bureau of Economic Research (USA)



15%

Time reduction in coding related activities for software product development

- Bain Technology Report



40%

Reduction in time for mid-level professionals for writing

- American Association for the Advancement of Science (AAAS)



30-50%

Less time spent on content creation in sales & marketing

- Bain Technology Report

FOCUS SHIFTS TO PORTFOLIO COMPANIES

When asked where the greatest potential for AI-centric value creation lies today, investors point to improving the performance of their PortCos. Traction is already evident here. In the same survey of 30 investors, 18% of PortCos said operational GenAI use cases - for customer onboarding and support, for example - are already delivering significant concrete value, while more are testing and developing their own use cases.

Generating savings

At the PortCo level, investors expect AI-powered productivity tools will generate savings of 20-35% in customer service response times; save up to 50% of time spent on content creation for sales and marketing; cut the time spent on coding for software product development by 15%; and increase back-office productivity by as much as 50% by automating tasks such as document comparisons.

Funds are already beginning to see some quantifiable benefits at the PortCo level, including enhanced productivity and cost savings. One of the funds surveyed reported that its data-science team has delivered over \$150 million in annual positive bottom-line impact by working closely with PortCos on AI-powered operational improvements.

Accessing the power of data

Within funds, AI engineering and data science teams are now better placed to help drive operational efficiencies than ever before. Many funds interviewed for the case studies indicated that they are taking an active approach with their PortCos, persuading them to adopt AI for specific use cases and providing the resources - teams, tools and training - to make it happen.

"We are creating interfaces and other ways for our PortCos to access the power of data to monitor their own competition and identify add-ons to speed up the M&A process," says the VP of Data Science at a global fund.

Another fund said it had implemented a GenAI customer service solution that had improved student engagement at an education PortCo. Tools that automate PortCo back-office tasks are also popular.

The VP of Data Science at another fund commented: "The back office has been a quick win for AI adoption due to its deterministic nature and shared use cases across functions like human resources, marketing and finance."



Valuation enhancement...

...driven by EBITDA enhancement of \$150m+ across portfolio companies for a large global fund

LIMITED PARTNERS' REQUIREMENTS

Despite the newness of LLMs, differences in AI maturity are already beginning to emerge between funds. Early adopters are creating initial wins at both fund and PortCo level and have started replicating best demonstrated practices. Late adopters are still designing their AI strategies but lack strategic imperative and sufficient top-down sponsorship. As a result, their PortCos are left more to experiment independently without the fund providing comprehensive AI support.

When evaluating GPs, 77% of Limited Partners (LPs) have indicated that they want the funds in which they invest to use AI for investment analysis and decision-making.

As such, early adopters are also positioning themselves to attract an increasing proportion of investment capital. Their ability to better underwrite bids, win a greater share of deals and generate superior returns for investors with AI tools is likely to set off a virtuous cycle that leads to increased capital concentration.

“

I believe it will be the AI-enabled funds that ultimately emerge as the winners. Limited Partners are now increasingly testing General Partners on these capabilities as well.

- Senior AI specialist

77%

LPs said they want the funds in which they invest to use AI for investment analysis and decision making

- Investment Funds Outlook Report,
Barnes & Thornburg

THE VIRTUOUS CYCLE OF AI INVESTMENTS AND CAPITAL CONCENTRATION

Initial Investments in AI

1

Capital
Concen-
tration

3

2

1

...will result
in enhanced
returns

"...few winners will crack the code on using AI for investments and **generate better returns...**"

Senior Executive, Mubadala

2

...that helps
raise capital

"Capital will flow to those who can generate higher alpha for investors; It will be the AI-enabled funds"

VP, Quant Research, Global Investment Fund

3

...enabling
further
investment
in AI

"The momentum enables the creation of new AI tools and solutions, compounding competitive advantages over time"

Senior AI Specialist, Global Investment Fund

THE NEED FOR SUSTAINED COMMITMENT AND CHANGE



In sizing up AI's potential, investors and corporate leaders face many unknowns.

They need to decide where to begin, how much it will cost to develop and what returns to expect. Ultimately, this is a journey that requires sustained commitment from the very top despite the uncertainty involved.

To secure top-level buy-in, innovation heads often begin by building AI knowledge, backed by data on the results of early use cases.



AI transformation demands a clear long-term vision and strong leadership commitment over a 10-20 year horizon. Success takes time, and staying focused on the bigger picture is essential as results gradually take shape.

- Senior Executive, Mubadala

THREE PILLARS OF AI TRANSFORMATION: DATA, ORGANIZATION AND CHANGE

Senior Leadership Vision and Commitment



Data



Organisation

Op Model & Talent



**Change
Management**

Culture & Tools

Agility

Ecosystem



...In our case, sustained internal discussions, backed by examples of AI's success in PortCos, gained momentum only after a senior leader highlighted its importance during an all-hands meeting, which catalyzed broader organizational engagement.

- The Innovation Manager at a global investment fund

DATA STRATEGY AND INFRASTRUCTURE

Data is the starting point of any investment decision. In the world of AI, it also becomes the building block of the whole organization. Establishing the right data strategy and infrastructure is the essential first step for funds to harness and leverage AI systems. A successful data strategy must include robust data governance, including checking data provenance, reliability and compliance with protection laws, as well as clear rules governing its use, storage and disposal.

“Data alone doesn’t help - it is important to have a full strategy on how to use data and AI safely as well.” said a senior executive at MGX.

Finding an edge

In a highly competitive industry, proprietary data possessed by investors can deliver a competitive edge. The first challenge is to marshal and structure all relevant internal data from due diligence reports, past deal performance data, management interviews, portfolio company data and more. Subsequently, investors will need to develop ways of acquiring new external alternative datasets and using them for creating competitive advantage in new opportunities.



Data strategy is essential. Our fund’s data strategy team focuses on liaising with vendors, integrating external data sources, and ensuring seamless access to fulfill the needs of investment teams.

- Senior AI Specialist, Asian SWF

EXPERT TEAMS

Organizational structures will change, with teams likely to become smaller and more senior, featuring different talents and new toolkits. This transformation will demand more tech / AI-native value-creation experts within core internal fund teams. AI will also make corporate function teams leaner, supporting work across departments such as human resources, finance and legal.

Investing in people

To enable this transformation, funds need well-resourced teams that combine deep industry knowledge with technology and AI expertise. To achieve this synergy, one fund has embedded its 50-member data-science team within the deal and portfolio teams. The data-science team is well established - it was formed in 2015 - and it leads AI innovation for the entire group. A core data-science team supports investment teams during diligence processes with analytics and machine-learning insights, handles infrastructure and interface development, and sources and integrates external tools for all departments. Additionally, a deployed data-science team does 6- to 12-month placements with PortCos to address specific needs and roll out AI use cases.



As we see it, Data, Organisation and Change are the ingredients need for any successful AI implementation. Efforts are needed across the three elements to achieve AI leadership.

- Senior Executive, MGX

CHANGE MANAGEMENT

As AI technology evolves beyond raising human productivity and agentic AI begins to displace some human roles, funds and PortCos must prepare for broad and deep organizational transformation. The shape of organizations and the roles within them are likely to be very different from today, as will be the skill sets and tools to support an AI-first culture. In addition, organizations will need to effect significant transformations in the way investment professionals work and train them accordingly. AI and technological fluency will need to rise across the organization, with fund teams becoming proficient in using AI in their workflows. Senior leaders need to drive this change with personal sponsorship, embracing AI tools themselves and setting an example to drive adoption.

Leading from the top

One of the funds studied drives cultural change through initiatives led from the top, such as a dedicated council empowered to lead AI efforts, company-wide AI training programs and creation of a sandbox where ideas and prototypes can be tested in a secure environment.

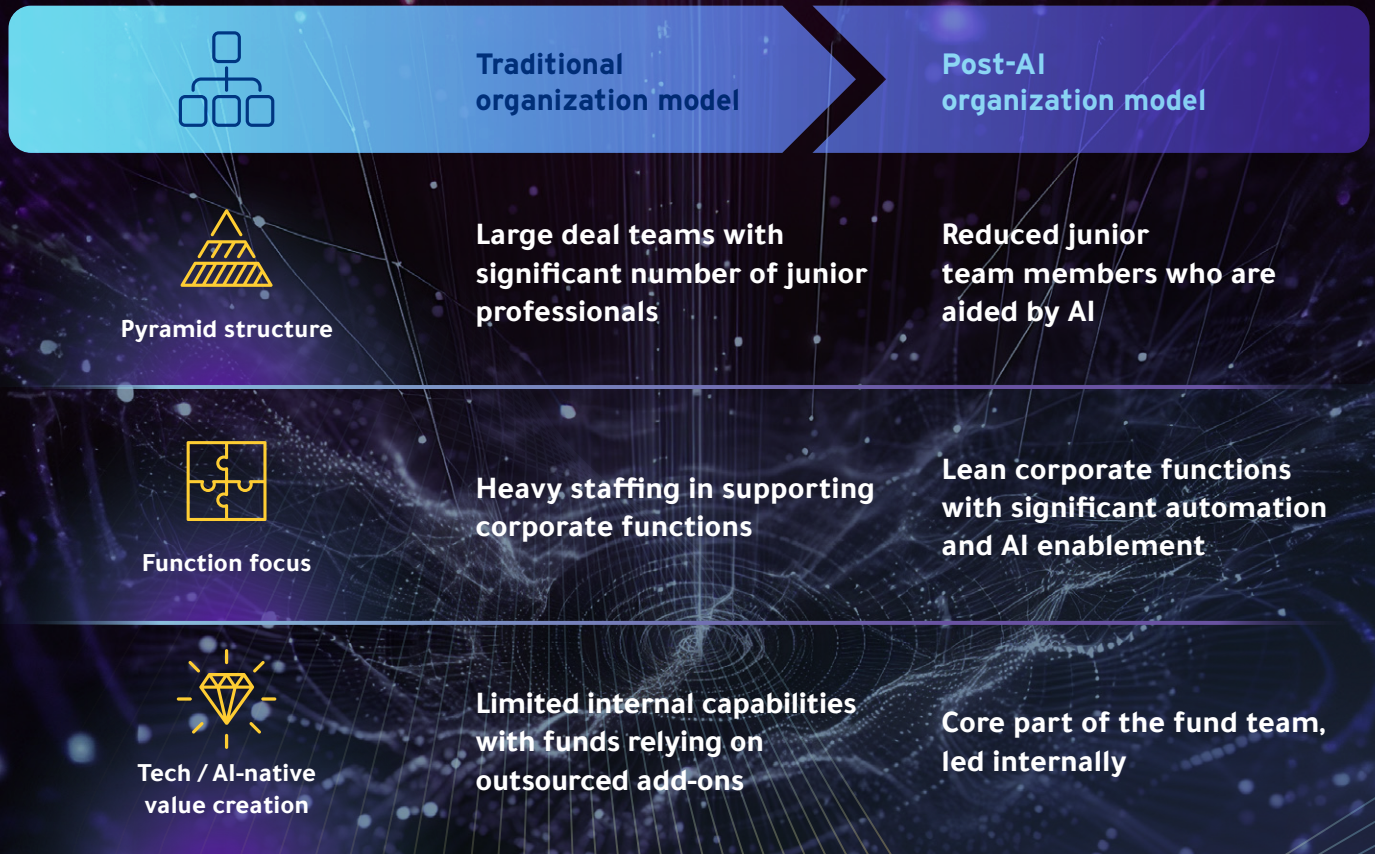
“Our AI strategy focuses on building AI literacy, standardizing data and leveraging institutional knowledge across the organization. This was the largest and most important priority for the fund and it laid the groundwork for AI-driven transformation,” says the Innovation Manager at one global fund.



...lot of opportunities from deploying AI and automation... key is reskilling ourselves to capture these opportunities by embracing future tech and skill sets.

- Deputy CEO, Asian SWF

The Evolution of Funds' Organization Model in the AI Era





AGILITY: THE KEY TO NAVIGATE CHANGE

In the face of rapid changes and big challenges, investors must focus on a few things at the start that really work and learn to test and fail fast. Developing an agile approach means investors can develop a few use cases with high conviction in quick sprints, to create measurable impact and initiate strong momentum across organizations.

One AI specialist at a global investment fund describes their approach:

“Remaining agile is key in the fast-evolving AI landscape. We spent a year building an internal solution for GPT APIs, but as the market advanced with better options, we pivoted and dropped our venture. This experience highlighted the importance of quickly adapting strategies to align with industry advancements and focusing on scalable solutions.”

With an agile approach, investors need to take strategic decisions regarding which capabilities are core and built in-house versus what is non-core and can be sourced externally. AI start-ups for the investment industry are still in their infancy, but their level of focus, typically

on single use cases such as virtual data room automation, may deliver better results at a lower cost than developing similar proprietary tools. PortCos face similar choices, although in certain cases they could also acquire AI-native competitors to accelerate their own AI-driven transformation. Investors need to have the right monitoring in place across the innovation universe so they can seize the best opportunities for themselves and their PortCos.

ADOPT AN ECOSYSTEM APPROACH

The AI transformation is not taking place in silos. From a technology perspective, AI interacts with other fundamental innovations, from advanced robotics to quantum computing. Investors who adopt AI early will be well-placed to take advantage of this converging technological world and the combined benefits it will bring.

From a stakeholder perspective, this means that investors will need to be connected to the broader ecosystem, including other GPs, LPs, tech companies, academia, AI start-ups and regulators, to unlock greater and faster benefits.

However, there will always be tensions about trade-offs and funds naturally remain apprehensive about sharing their strategies and proprietary data with others. To date, the favored approach taken by leading funds has been to sponsor AI research at advanced technological institutes. As the speed and impact of AI development continues to accelerate, a broader ecosystem approach may be needed.

SEIZING THE AI OPPORTUNITY

A Case Study of
Mubadala and MGX



MUBADALA - TWO DECADES OF DISRUPTIVE TECHNOLOGY INVESTMENT

Mubadala is a forward-leaning investor, deploying capital in disruptive technologies for more than two decades with a strategic focus on industries that shape the future.

INVESTING IN DISRUPTIVE TECHNOLOGY

It was significantly ahead of the curve in identifying the potential of AI, having invested in sectors that have become foundational to GenAI capabilities. In semiconductors Mubadala was a transformative investor in AMD and created GlobalFoundries in 2009. It has deployed capital in software, data centers and digital connectivity around the world and in clean energy, including the establishment of the global renewable energy company Masdar in 2006. In 2016, Mubadala Capital established the Ventures platform, which has built a portfolio of early-stage and growth investments with teams embedded in the world's leading technology hubs (San Francisco, London and Abu Dhabi).

Mubadala invests in AI infrastructure and software across sectors like healthcare, life sciences, new commerce and robotics, aiming to enhance value through AI applications. In 2023, Mubadala joined forces with G42, a global AI leader based in Abu Dhabi, to merge their healthcare and healthtech investments, creating M42 - a groundbreaking, tech-driven health company. Mubadala is also a shareholder of Space42, the MENA region's first AI-powered space technology company which was created by integrating Mubadala's Yahsat with G42 AI-enabled company Bayanat. Building on the vision of accelerating investment in AI infrastructure, Mubadala was a foundational partner alongside G42 in MGX, established as an AI and advanced technology investment vehicle, marking a significant step in advancing technology investment breakthroughs globally.

Supercharging operations

Beyond investing in AI, Mubadala is actively integrating AI technologies to enhance its own operations and drive efficiency.

Mubadala's digital transformation began more than five years ago with a reimagined approach to data, laying the groundwork for its ambitious AI strategy. Recognizing data and advanced technologies are strategic assets, the company built robust infrastructure, including a dedicated data function, structured policies for data management and tools to unify and streamline workflows. This made high-quality data accessible, enabling advanced analytics and innovation.

Mubadala formulated its AI strategy in 2023 to harness AI to augment decision-making in activities central to its core mission and alpha-generating endeavors. The strategy also aims to supercharge fund operations by driving effectiveness, efficiency and enabling transformative impact across the business.



We at Mubadala are going to be on the frontier side of AI-enablement in our way of doing business next year... by the end of 2025, AI is going to be fully ingrained in everything we do.

- HE Khaldoon Khalifa Al Mubarak, Managing Director and Group Chief Executive Officer - Mubadala Investment Company

The strategy is structured around three pillars:

Work Smarter

This pillar focuses on enhancing operational efficiency and productivity across corporate functions by integrating AI technologies. AI is being tailored to address unique functional needs. Current initiatives include deploying AI-driven solutions for smart procurement to improve resource management, user-centric chatbots to enhance service delivery and AI analytics to strengthen human capital strategies. In the legal domain, piloting AI tools has augmented contract analysis, streamlined the drafting of legal documents and optimized workflows, significantly reducing turnaround times and boosting overall productivity.

Fund Operations
(Corporate functions from front, mid and back office)

Invest Better

Mubadala aims at leveraging AI across the investment lifecycle and portfolio steering to achieve better outcomes more efficiently. A key example is a bespoke AI tool built for Investment Committee members to streamline deal review, help validate deal assumptions and deliver high-quality insights for data-driven decisions. The company is exploring other potential use cases, such as tools to enhance deal sourcing, deal screening, due diligence, portfolio optimization and deal exit monitoring.

Sourcing

Investment
Decision
Making

Screening

Portfolio
Monitoring
& Reporting

Due
Dilligence

Exit
Monitoring

Accelerate Impact

This pillar is centered on driving value creation within portfolio companies by leveraging the transformative potential of AI. Mubadala conducts regular portfolio scans to identify companies that could be impacted by AI, helping them address critical challenges or build a competitive edge. It also provides strategic support to portfolio companies to adopt AI-driven strategies that mitigate risks, enhance operational efficiencies, and unlock new growth opportunities.

Portfolio Value Creation

MGX – A NEW APPROACH TO INVESTING

MGX is a leading investor in AI and advanced technologies, dedicated to shaping the global AI ecosystem. With its deep sector and operational expertise, MGX scales promising AI breakthroughs to a global level.

UNIQUELY POSITIONED

MGX was designed to thrive in an AI-driven world. Operating with a lean structure, MGX features fewer entry-level and corporate function professionals than its peers. The firm's blank-slate approach has driven it to reimagine traditional models and focus on first principles to design the most efficient and effective AI investment firm. By prioritizing AI tools over manpower, and embedding agility and automation into its operations, MGX is uniquely positioned to swiftly adapt to emerging technologies and shape the future of AI investment.

As a new fund, AI tools are already driving processes from deal sourcing to portfolio value creation. For example, the fund is building an AI-native technology stack that aggregates and generates insights from structured and unstructured data. In investment processes, MGX uses AI to help research potential targets, carry out competitive benchmarking, automate financial modeling, understand AI value-creation potential and generate investment committee summaries.

Maximizing PortCo AI impact

Furthermore, MGX works directly with its portfolio companies to assess their AI potential and drive value creation by leveraging its ecosystem and expertise to help them achieve growth, cost efficiency and operational excellence. MGX uses playbooks, best practices and other AI acceleration efforts to simplify implementation and maximize the impact of AI initiatives. It also leverages AI for leadership recruitment and development, fosters community building to facilitate cross-portfolio collaboration and helps establish AI-native governance to drive sustainable transformation.

ECOSYSTEM APPROACH TO AI

In pursuing AI investments and their own AI-driven transformations, both Mubadala and MGX have found a strong supportive environment in the UAE. The nation has publicly committed to becoming a global leader in AI and was the first country to appoint a minister for AI, in 2017², with the mandate to drive sector-wide AI integration, nurture talent and ensure ethical implementation. The Mohamed bin Zayed University of Artificial Intelligence was established in 2019 as a graduate research university dedicated to advancing AI as a global force for humanity.

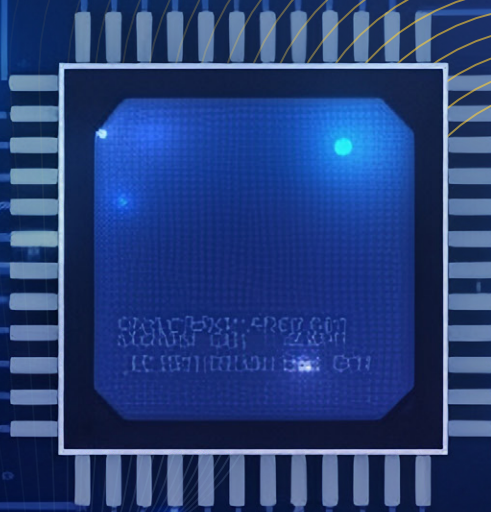
In January 2024 His Highness Sheikh Mohamed bin Zayed Al Nahyan, the President of the UAE, established the Artificial Intelligence and Advanced Technology Council (AIATC) to enable the advancement and deployment of leading edge technologies intended to improve the lives of current and future generations.

Over the past decade, the UAE has built a rich and varied AI ecosystem by bringing together government bodies, research councils, academic institutions, domestic and foreign investors, technology and infrastructure builders and innovative AI start-ups to further AI advancement.

As a mark of the success achieved by this collaborative approach to date, in 2024 the UAE ranked fifth in Stanford University's Global Vibrancy Tool, which measures AI ecosystems across the world on key indicators including research papers, private investment and patents³.

² https://ai.gov.ae/about_us/

³ <https://hai.stanford.edu/news/global-ai-power-rankings-stanford-hai-ranks-36-countries-ai>



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More than any other technology in human history AI will be pervasive across all aspects of our lives. It will enable greater and faster learning, innovation, technology breakthroughs, cheaper and faster production systems, and unparalleled delivery of services. It will enable unprecedented prosperity. As an AI native investment company, we are leveraging AI in everything we do - business underwriting, value creation plans design and implementation, talent sourcing and management... it is augmenting our capability and ability to support business builders quite dramatically. Fusion with AI starts in MGX.

- Ahmed Yahia Al Idrissi, Chief Executive Officer & Board Member - MGX

