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## MIDDLE EAST



*"Everything that we are doing is driven by our investors' needs. Our ambition is large, and we have the right team and resources to make it happen."*

# Global wealth creator

**Mohammed Alardhi**  
*Investcorp's Executive Chairman*

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👉 Mohammed Alardhi, Executive Chairman, Investcorp aims to have \$50 billion in AUM by 2022.



# Global wealth creator

➤ **Mohammed Alardhi**, Executive Chairman at Investcorp, has an ambitious vision to propel the alternative investment firm's international presence and to broaden its returns and offerings to clients

**F**ifty billion dollars of assets under management (AUM)—that is the size Mohammed Alardhi, the executive chairman of Investcorp, a global private equity and alternative investment firm, is targeting within five years, almost doubling its current portfolio size. He wants to achieve most of this by growing organically.

"We want to grow AUM both in response to client needs and because we can draw on a lot of operational leverage," said Alardhi, a former Omani air force chief. The focus of the five-year plan will come mainly from growth in Investcorp's core businesses: private equity, real estate, alternative investment solutions and the credit management business, Alardhi explained.

In August, the company said it was targeting ten investments across the private equity and real estate segment in the current financial year.

With oil prices sinking in 2015 and Gulf economies tightening their purse strings, many companies in the region were hurt by the challenging Gulf macro environment, meanwhile with Alardhi taking the helm two years ago, Investcorp's assets under management have almost doubled to about \$21.3 billion and the firm has distributed \$3.4 billion to its clients during the 2017 fiscal year—the highest level in the firm's history.

"Our global footprint is really increasing; our global brand is strengthened and we are no more just a bridge between the Gulf and the US and Europe. We are a global company that is providing a suite of alternative investments to investors all over the world," said Alardhi.

Since its incorporation in Bahrain in 1982, Investcorp had positioned itself as the bridge between Gulf investors and investment opportunities in the west. Nemir Kirdar, the founder, had pioneered

private equity in the region in the 1980s and in the early 1990s, following the acquisition of Tiffany & Co. and Gucci, managing to raise Investcorp's international profile.

Up until 2015, the firm built a golden brand name with approximately \$11 billion in assets under management, comprising of corporate investments in Europe, the US and the Middle East, real estate investments across North America and the US based hedge fund business, known as Alternative Investment Solutions.

After Alardhi took over as Executive Chairman, Investcorp started to scale up and diversify its business even more, offering more choices to its investors.

Not long into his new role, the Executive Chairman laid out ambitious plans to push the investment firm to think big and carve a global role by developing a strategy that paves the way for a transformation—and so far that transformation is developing well.

In the current financial year the company hopes to offer its clients 15 new investment opportunities spanning a range of different asset classes and its credit business, a record for the company. Traditionally, Investcorp used to offer between four to five opportunities a year.

Investcorp aims to have  
an AUM of

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by 2022

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▲ Executive Chairman, Mohammed Alardhi leading a meeting of senior executives at Investcorp's London office in Mayfair.

Alardhi's ambitious growth target for the company can only be delivered by its people—and he believes that this is where the true strength of the company lie. “A challenging vision is nothing without drive. You need an ambitious, entrepreneurial team who believe in the vision, and are laser-focused on making it happen,” asserts Alardhi.

To help catapult itself as an international contender amongst leaders in the industry, Investcorp has recently invited onto its advisory board some renowned names from the financial world including Mohamed El Erian, Chief Economic Advisor at Allianz and former Chief Executive of Pacific Investment Management Company (PIMCO), the behemoth investment management company.

“He brings a lot to the table—he is somebody who managed one of the biggest companies in the world. His real value-add has not only been on the investment side but on the policy and strategy side too, so he brings fantastic insight,” said Alardhi.

Deepak Parekh, Chairman of Housing Development Finance Corporation (HDFC), India's leading financial services conglomerate has also recently joined and sits on the advisory board which meets annually, and he is helping Investcorp in its quest to expand into Southeast Asia.

#### **EASTERN EXPANSION**

Though listed on the exchange in Bahrain, Investcorp has become a globally recognised name, and is exploring opportunities in emerging

markets. “There are new markets that we cannot ignore anymore,” said Alardhi, adding that looking eastward will be an exciting part of the company's growth plan.

Its office presence is expanding. Earlier this year it opened its first Asian office in Singapore, joining the six other locations it operates from including New York, London, Bahrain, Riyadh, Abu Dhabi and Doha. “Our portfolio companies have been active in China for many years, but we see it as an exciting market where we would like be more active as a Firm,” said Alardhi, adding that he sees the opening of Singapore's office as a springboard to gain a better understanding of the region and to explore opportunities.

“A challenging vision is nothing without drive. You need an ambitious, entrepreneurial team who believe in the vision, and are laser-focused on making it happen.”

– Mohammed Alardhi, Executive Chairman, Investcorp –

India is another country that Investcorp is evaluating as part of its growth plans and the Executive Chairman thinks that the country has made great strides in creating a business environment that is encouraging and conducive for growth, translating into potential deals.

### BANKING ON SAUDI'S HEALTH

About one third of Investcorp's AUM originates from the Gulf, the lion's share of which comes from Saudi Arabia, and Alardhi is determined to invest in the future of the Kingdom, helping it deliver on its objective to privatise key sectors and stimulate additional growth.

“We expanded our team in Saudi and we are focused on supporting the National Transformation programme and mainly the privatisation efforts,” said Alardhi.

Healthcare is one of the sectors Investcorp finds most attractive. As part of the National Transformation programme, KSA's massive economic reform plan, the government expects the private sector's contribution in total healthcare spend to reach 35 per cent by 2020, from the current 25 per cent.

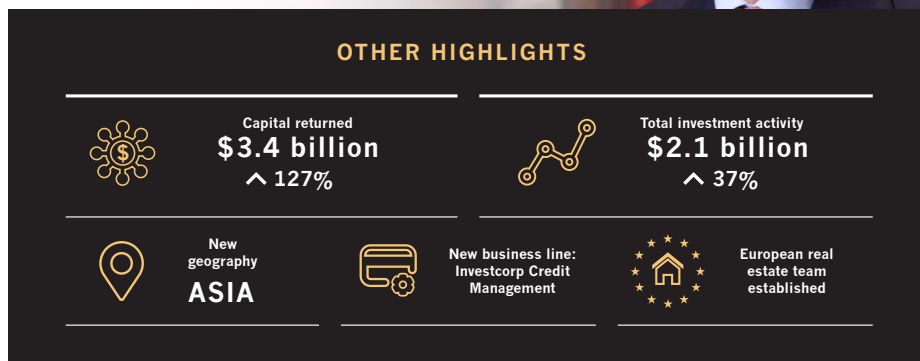
Acquisitions of government assets are one way to benefit but also participating in the growth from demand for healthcare is another.

Industry experts have recently identified that Saudi Arabia is lagging in terms of number of hospital beds—currently the Kingdom has 2.2 beds per 1,000 people, compared to the world average of 3.1. However, the



“This has been a pivotal and successful year for Investcorp. We have made significant progress towards delivering on our ambitious growth strategy, as well as producing robust financial results for our investors. The Firm is making great headway executing a number of initiatives that are designed to diversify the Firm's client base, product offering, geographical reach and, ultimately, better serve the needs of our clients wherever they are in the world.”

Mohammed Mahfoudh Alardhi  
Executive Chairman



Source: Investcorp

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**“Though the bulk of our long term growth will come from organic growth, an important part will come from inorganic growth because it will help us achieve another key target of the five-year plan which is to broaden the suite of alternative offerings.”**

— Mohammed Alardhi, Executive Chairman, Investcorp —

privatisation drive will help plug the gap with the rest of the world, according to a report by Arqaam Capital entitled, *KSA, Healthcare, Ready, Set, Merge*. Investcorp has already been active in this space. Last year it bought a stake in Saudi Arabia’s Al Borg Medical Laboratories, one of the largest private medical laboratory chains in the region.

Education and infrastructure are other sectors that are on Investcorp’s watch list in the Gulf’s largest economy. The Executive Chairman also believes that there are opportunities to be sought after from Aramco, whether indirectly by seeking out investments in auxiliary companies, such as petrochemical companies, or assets that may be spun off, as the Saudi Kingdom continues to reshape Aramco.

#### COMPLETING THE CIRCLE

Rigidity can only stifle growth, and this is another facet of the company’s new growth plan—to be dynamic and nimble. “Our approach is centered around developing innovative solutions for our clients’ evolving needs. In recent months we’ve created new offerings in real estate and alternative investment solutions, and are hard at work to broaden our client solutions further,” said Alardhi.


Seven months ago, the firm acquired 3i Group Plc’s debt management arm, taking Investcorp’s AUM to nearly \$22 billion. The acquisition led to the launch of a new business line, Investcorp Credit Management, broadening Investcorp’s capabilities and offerings.

“Though the bulk of our long term growth will come from organic growth, an important part will come from inorganic growth because it will help us achieve another key

target of the five-year plan which is to broaden the suite of alternative offerings,” he added.

Infrastructure and secondary markets in private equity are just two of the areas the company is exploring to help expand its offerings to clients.

Additionally, a new focus for the company is institutional investors—both regionally and globally—as well as to improve ties with regional sovereign wealth funds. Last year, Abu Dhabi’s state investment fund, Mubadala, became Investcorp’s largest shareholder, acquiring 20 per cent of the alternative investment firm, to become a strategic partner that Alardhi sees as complementary to Investcorp’s growth plan.

“It was not possible for Investcorp to simply remain a boutique firm and continue to increase its profitability and attract new opportunities, investors and funds,” said Alardhi. “Everything that we are doing is driven by our investors’ needs. Our ambition is large and we have the right team and resources to make it happen.” 



▲ A new focus for the company is regional and global institutional investors, said Alardhi.