

CONVERSATIONS WITH MIKE MILKEN



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Mike Milken: Khaldoon, thank you for joining me today.

Khaldoon Al Mubarak: Thank you Mike. It's a pleasure being with you today. I wish it was personal, but we'll go with virtual for the time being.

I've enjoyed the times we've spent together and I've watched your blossoming as a world leader, as a businessman and I've watched the flourishing of the UAE, and particularly Abu Dhabi. So I think back to 2006, you were made the chairman of the Imperial College Diabetes Center, and as I brought some scientist and researchers and got a chance to hold one of the many scissors that day that cut the ribbon, in many ways it signaled to the world that Abu Dhabi was a leader in medical research, in medical care, and had just created the most modern diabetes center in the world. It was extremely symbolic of the growth of the country, the sophistication of the country. Take us back to the partnership which was struck

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between Imperial College, one of the world's leading bioscience universities in the world, and Mubadala.

Mike, it feels like yesterday. It's been 15 years since we had that meeting and the opening of that diabetes clinic. We were addressing a very important problem – diabetes in the UAE. We didn't, back then, have the full capability to address the number one disease in terms of per capita affecting our population. So Mubadala, which is an

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investment company, a sovereign fund that has a very important mandate in terms of investing both in the UAE and globally, tackled that problem. We found the right partner in Imperial College. We formed a partnership, built the center, and then from there on built many centers and that story ended up being a great success in terms of both the outputs and ultimately, the impact that's done on the community and socially here in the UAE.

But from there, we built even bigger partnerships with the Cleveland Clinic, as a company through partnership and with a long-term sustainable view,

always maintaining, I think, the highest levels of quality, integrity and the spirit of partnership. That, to a large extent Mike, is a reflection of how the UAE operates. This is the DNA of the UAE from its establishment through the last 50 years. And you see it in the spirit of the people of the UAE. And by the way, it came about in the most clear way I would say in the handling of all the challenges the world has faced in 2020.

When the Cleveland Clinic was being built, clinicians, nurses, spoke about how great life was for them and their careers in Abu Dhabi. What were some of the challenges you faced building this medical advanced system in Abu Dhabi?

Last time we met in person was doing your Milken conference here in Abu Dhabi, what feels like years ago, but it was in February of this year. You brought some of the best minds from all over the world. Many of them, this was their first visit. Now little did I anticipate that the conversations we were having, particularly when it comes to the human capital development of the UAE, how the education investment that took place over the last 40, 50 years that has evolved and got us to where we are today, was going to be tested to its max over the last 10 months.

And I think the best way to gauge how far as a country we've come, and the success of that human capital investment, we can look at it in a couple of examples in terms of how this country managed through COVID and managed through 2020. So let's look at the challenges. Number one, our oil and gas, the natural resources, collapsed in terms of the commodity prices and the price of oil, and the impact obviously that would have on many of these countries that have that natural resource as an important component of its economy. So that was a challenge.

Second is the challenge of COVID itself from a human perspective, from a healthcare perspective, from an economic perspective, in terms of what we have seen all over the world and how this country will deal with this. I remember a meeting with his Highness Sheikh Mohammed bin Zayed at the beginning when we were starting to comprehend what was coming with COVID. He looked at all of us and gave us very clear guidance, which is 'this is going to be the biggest challenge that this country has ever faced.' What we're going to do, we're going to be forward-leaning and we're going to go on the offensive; we're not going to sit and be defensive. We're going to make sure that we handle this crisis and that we come up on top and that when we weather through it, we're going to be the first out of this. And we're going to make sure our people are given the best treatment possible.

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Let's look at what's happened over the last couple of months. The UAE was among the first countries in the world to make sure it implemented and successfully executed a testing policy. We went from Day One with a clear view – testing, testing, testing – and became the number one country in the world, or top two or three depending on what data you're using, in terms of number of tests per-capita conducted throughout the crisis. From Day One, consistently. And that was done by building up a PCR testing capacity early on, having the system, the procedures, the ability to implement it, and execute it in an effective way, and then actually build capacity in-country in terms of manufacturing of PCR testing equipment, PPE equipment like N95 masks, etc.

We had all that in-country, covering the entire supply requirements of the UAE by end of March, mid-April. We were covered in terms of our healthcare sector; Cleveland Clinic, Sheikh Khalifa Hospital and the various hospitals in Abu Dhabi and Dubai. We ramped up very quickly. Tremendous effort was put in on capacity on ICU space, on

respirator supplies, you name it. And that ramping up, which happened again very early on, resulted in one of the lowest mortality rates in the world. From the beginning of the crisis until now, we've had unfortunately 514 more deaths than what we would've liked, but we also only had 514 death in a population of almost 10 million. So that strategy and the handling of COVID and the ability of the leadership of this country and all our incredible healthcare workers really stepped up and delivered and continue to deliver. And that's a testament to that maturity and that development and that evolution and the human capital that we are describing.

Next example is we've been working on a wholly Emirati space program. And again, COVID hit, there was not even a blink. The program continued, the launch continued, and we moved right ahead going into space, which as you know far better than me Mike, how complex that is, and how demanding that is, and how important of a step that is to

any nation, let alone a nation of our size. But we've done that. And we've done that with an Emirati team of tremendous talented young women and men that have worked over the years for this very important step.

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Third example, we had one of the most difficult, most challenging industrial steps that had to be taken this year. And that is our first nuclear power plant coming into operations. Unit One of our Barakah power project again was

scheduled in Q2 of 2020 to come to operations. This is going into operations of your first safe nuclear power plant. And same thing, we didn't blink. Safety was paramount. An Emirati team with international experts from all around the world working together, hand in hand, again kept going. And we went into operations and it was a very successful transition. Again, another testament to that human capital that we are talking about.

Even in diplomacy, major steps in the right direction, the geopolitics of this region and really moves another step forward in achieving the peace that we all look forward to. The Abrahamic Accords was a very bold, courageous move by this country, by the leaders of this country, again in the midst of lockdowns, in the midst of all kinds of challenges. But that did not hold us back, and we kept going. And as a matter of fact, we doubled down on that speed and the list goes on.

Mubadala just invested in one of the most innovative AI and digital companies. It just shows you how this nation continues to evolve in all these areas, and what we talked about that human capital, you wouldn't be able to do everything I've just described in a year as challenging as 2020 has been if you didn't have the right human capital that has been developed over many, many years; of education and a commitment towards

education, be it in space, be it in engineering, be it in nuclear, be it financial, be it in healthcare, etc. In the easy times you know your people for sure. But the tough times, that's when you know the metal of your people, be it at a company, be it in the country. And 2020 showed the metal, of the UAE and the Emiratis.

Let's talk about your own portfolio. You built one of the great money managers in the world. When I think of your life Khaldoon and how it's evolved over the last few decades, to me you're like on a lazy Susan in the middle of a large dinner table, where one day you're in medical and one day you're in education and one day you're in politics, and one day you're making decisions on technology. And you became a trustee of NYU. How do you yourself touch so many areas?

We're a small country with a relatively small population with incredible leadership over the last 50-plus years that continues to evolve. And when you ask me why you do so many things, it's because we are a

small country, we are a small population. We have huge aspirations and huge ambitions. And I would say I have to play a small role in that, and to do so, we have to be nimble. We have to be diverse. You know the team in Mubadala, Mike. You've seen it evolve over the last 15-plus years since you've known us.

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And I've seen Khaldoon less turnover at the leadership level of Mubadala than almost any major money manager, asset manager in the world. So not only have you acquired people with talent and gotten them to work together, but you've gotten them to stay as part of this mission.

And that's the point, Mike. It's not a secret recipe. It's about getting the right team. It's about creating the environment for that team to mature and evolve and succeed. And then it's about retaining that team and continuing to grow it. And I think his has been that recipe for Mubadala; it's always been the quality of the talent that we have here, the evolution of that talent, and our need to constantly evolve. I think, when you knew us with a portfolio predominantly in sectors that today have headwinds that was our focus back then. What we've done over the years is constantly evolve and see where the tailwinds are.

What are the sectors we need to be investing in? And if you look at just over the last two years, what we've essentially took three decisions. We had to rebalance our portfolio. We decided number one, what are the sectors we see headwinds in? Energy, commodities, chemicals, etc. These are all areas we took a view on two years ago that had headwinds,

and we said, you know, let's start rebalancing and reducing our exposure to these areas. We then identified what are the areas that we need to strengthen as stabilizers within our portfolio? And again, be it digital infrastructure, high-quality long-yielding real estate etc., we need to obviously strengthen that base within the overall portfolio.

But then, more importantly, what are the sectors that would have headwinds that we got to go in and we have to continuously invest in and double down on. And here,

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technology, biotech, life sciences, consumer sectors. I mean these are the areas that, again, we decided were going to keep growing. And because that's the sectors we view as sectors with tailwinds. That happened before COVID; if anything, COVID just reaffirmed that the thesis we were going through was the right one. And if anything, we needed to scale up and go faster. And that's exactly what we did this year. Mike, I would say

2020 was probably the most active year that we have ever had at Mubadala; in doing what I've just described, that we started pre-COVID, but essentially doubled down and just supercharged over the last 10 months.

As I visited with you and had the great opportunity over the years to spend time with the Crown Prince, one of the things I have seen is this strong feeling of the leadership for the country itself. The Middle East is a crossroad between Asia, Africa and Europe. It's been that way for thousands of years. And the entire future growth of the world's population is projected to be in Africa, particularly sub-Saharan Africa; and the role that Abu Dhabi and the UAE particularly can play in the development of Sub-Saharan Africa, as it's projected to go from 1 billion to 3 billion people. And the role that you can play in medical education, access to capital development, because we know this part of the world is going to be developing in a different technology. They won't need physical banks, their mobile phone will be their bank, might be their educator, might be their doctor and so on. And COVID-19 has reinforced that and then probably accelerated those efforts. How do you see the role of Abu Dhabi and the role of the UAE playing in the development of a continent that maybe by the end of this century might have a larger population than Asia?

So Mike, we've played a very good role over the years being in that center point between East and West, in the middle of that trade route. We've continued down that road, and I think the UAE has been very effective in investing in the infrastructure to continue to be well-positioned as that bridge between East and West; in terms of physical infrastructure, be it ports, airports, fiber optics, telecommunications and then obviously in terms of the legal framework and then the legal infrastructure to get East and West to trade. So the

UAE has always had a very good role in that space and will continue. I think this will continue to be a very important aspect of what we do and how we plan, not just obviously developing the talent of the UAE, but also bringing from that incredible radius around us.

If you look at most of our major sovereign funds, had we met 10 years ago or 20 years ago, you would see that the bulk of our portfolios internationally were mainly the United States and Europe. What we have done as Mubadala over the years is continue to invest West, and we have, I think, a tremendous track record that I'm very proud of. But what we've conscientiously did is then start building that capability and really open up into new horizons; horizons that historically we had. So that when we say India or China, these trade routes were there for hundreds of years, but the investment kind of disappeared over the last 40 years. We needed to go and learn how to invest in China, how to invest in India and Southeast Asia, and how to actually do it in the effective and successful way that we have managed to do in Europe and North America, knowing that it's a completely different ballgame.

“In Brazil, we ended up in the right place, but we didn't start, to be honest, in the right place. But we learned, and we turned a very bad situation into a very good situation. And now Brazil, that's our foothold in South America, and from there we are branching out to other countries.”

And Brazil, South America is another test for us. How can we operate? How can we invest and how can we do it successfully? It's by try and trial and error. It's by making sure you start on the right note, you start with the right partners, you have the right team in place, you scale up intelligently and cautiously. And then you make the right moves when the right opportunities come. And in Brazil, we ended up in the right place, but we didn't start, to be honest, in the right place. But we learned, and we turned a very bad situation into a very good situation. And now Brazil, that's our foothold in South America and from there we are branching out to other countries.

But Africa is a very challenging continent; the opportunity long-term is undeniable, and we are today in the learning stage when it comes to Africa.

You've talked about this challenging year, 2020, and your response, but what are some of the things that you want to accomplish personally or the country wants to accomplish in the next three to five years?

As a country, that diversification strategy, away from dependence on natural resources, which started many years ago, looking at the next three years, it's got to continue and it's got to continue at a faster speed than the last 20 years. If we've learned anything from this experience over the last 10, 11 months, it's that you have to be prepared for these shocks and the cycles. And we've learned that many times, especially when it comes to commodities, we've seen these shocks to oil prices many times over the last 30, 40 years, and what we've done is continue to diversify, continue to make this a modern economy with a diverse set of industries and sectors that allow this economy to continue to weather through the ups and the downs that inevitably happen.

And we need to keep the path, and double down, triple down, and to continue to make this country a talent magnet where people want to live here for the quality of life, from education to healthcare to lifestyle. We have to keep that ecosystem, that conducive

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environment for people to continue to see the UAE as a primary destination. Safety is so important, particularly in the world we live in today, and the UAE has to continue to be one of the safest places in the world. So the next three years, it's about continuing to execute on that strategy, continue to improve, to modernize and take bold steps and not be shy. That's what made this country successful, and that's what will continue to be successful moving forward.

Coming back to your question on a personal note, listen, it's about working hard, it's about learning and when making mistakes being able to recognize that and pivot. You've taught me that Mike many times over the years; you're one of the personal inspirations to me. Always be bold. Always be courageous in your steps and accept that you're going to make some mistakes, and be okay with that. I think that is something that I will hopefully keep doing and hopefully with a lot less mistakes.

Khaldoon I've enjoyed our friendship. I've also enjoyed seeing how you have blossomed in every way. I look forward on my next visit to spending time with your entire family at your lovely home again and your hospitality. We wish you the best. And you might describe it as a small country, but it shines brightly for me and for the world. Thank you for joining me today.

Thank you, Mike. And as always, it's such a pleasure and I appreciate everything you do for me. And then, of course, for my country.