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How Gulf SWFs are facing new challenges

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As Gulf Sovereign Wealth Funds (SWFs) have grown in size, number and ambition in recent years, they have needed to evolve and adapt. Gone are the days of passive, long-term investments handled by external fund managers: funds are now active direct investors with a global reach, operating across most asset classes and often at significant scale.

That has brought its own challenges. Pressure to improve performance has intensified competition to recruit and retain the best talent, and like other institutional investors, to modernize internal processes and platforms. Despite being largely neutral on key geopolitical conflicts, Gulf SWFs also face an environment of rising protectionism, which has prompted greater international scrutiny around sensitive investments.

This third piece in our series on SWFs in the Middle East looks at several challenges that funds have faced in their operations, particularly across human capital, systems modernization and transparency.

Human capital

Arguably the biggest challenge for in recent years has been finding and managing the right talent. Competition has intensified due to the growing number of SWFs in the region and indeed worldwide, who are also hunting for top-flight professionals alongside non-SWF entities and asset managers.

Around 9,000 professional employees now work directly in Gulf SWFs, according to a 2024 GlobalSWF report. This figure has grown substantially over the past decade, in parallel with a wider growth in worldwide SWF headcount to 23,500 as of last year, according to GlobalSWF, up 146% since 2008.

Worldwide SWF headcount and Assets Under Management (AUM) per capita ($bn)

Year	Headcount	AUM per capita ($bn)
2016	14,917	0.43
2017	15,750	0.46
2018	16,467	0.44
2019	17,280	0.48
2020	18,290	0.50
2021	19,377	0.56
2022	20,587	0.51
2023	22,271	0.52
2024	23,507	0.54

Source: Global SWF

Much of the growth in the Gulf has been from fast-emerging entities, such as the Saudi Public Investment Fund (PIF), whose headcount jumped more than 50% between 2021 and 2024 and which made 614 new hires last year alone. In contrast the more established funds, like ADIA, have kept employee numbers flatter.

Traditionally, the region was not considered a first-choice location for ambitious finance professionals in established hubs like London, New York, Toronto or Singapore. Middle East funds controlled large assets and offered attractive packages, but were typically invested passively and long-term, presenting relatively unexciting opportunities and limited career progression.

Gulf sovereign wealth funds are transforming from passive investors into active global players, competing fiercely for top talent while modernizing systems and facing rising international scrutiny

That began to change from the mid-2000s, when the oil price surge and a new generation of political leaders enabled SWFs to be bolder and more proactive, both domestically and overseas. Today, that has created a more enticing environment with opportunities to be involved in unique, large-scale deals or strategies that would not be possible elsewhere.

In parallel, the more dynamic Gulf cities such as Abu Dhabi, Dubai or Doha have become more appealing places to live, especially for families. Most of the stricter lifestyle rules have been relaxed, while education provision has improved, and a more diverse range of activities and events is available. The post-COVID environment in Europe or the US has also helped to lure talent: rising tax burdens, low economic growth and uncertain political climates have all emerged as push factors in recent years.

Gulf SWFs have imported a range of expertise. Senior management from respected older funds like Singapore's Temasek or Canada's Maple Eight remain in high regard. They have also sought talent in fast-growth areas such as AI or quantitative trading. The Abu Dhabi Investment Authority (ADIA) has spent several years assembling a team of quantitative traders and analysts, now thought to number around 150, with backgrounds in academia, machine learning and data science, many of them poached from leading Wall Street or City of London funds.

Some SWFs have also looked to move away from a centralized model, instead opening physical offices in key markets, particularly Asia. Not only does this bring them closer to the ground but facilitates hiring and retaining in-country staff with the right contact books and local knowledge. Back home, funds have been able to recruit from the wave of advisers, consultants and managers that have set up in the Gulf, creating a pool of readily available talent that would previously have been based overseas.

Getting the right local human capital is also a challenge. Funds are under political pressure to meet targets on localization, but also to be efficient and make money. High-quality national staff are in strong demand and short supply, particularly in centers with small national populations like Doha or Abu Dhabi.

All the Gulf SWFs run graduate training programs with attractive benefits, fully funded professional certifications and fast-track leadership pathways. Saudi's PIF said it had 968 trainees in its academy in 2024, used some 62 external training providers and achieved 777 professional qualifications for its staff.

Ratios of local to foreign employees still vary widely. As of end-2023, ADIA said that 36% of its 1,310 staff were Emirati nationals – the highest on record – with the next-largest regions being Europe (28%) and Asia-Pacific (17%). It is worth noting that the fund now employs around 400 fewer people than it did in the mid-2010s, having undertaken internal streamlining.

The localization ratio is much higher for the PIF, where 85% of the 2,962 employees were Saudi nationals as of end-2024, according to its annual review, and at the Oman Investment Authority (OIA) whose annual review reported a 93% localization rate in 2024, although it employs just 422 people in total.

Worth noting is the number of women in senior roles, with examples being Areej Naqshandi, head of the Project Management Office at the PIF, where 34% of total employees were female as of end-2024. The Kuwait Investment Authority (KIA) appointed a female board chair last year, while five out of 12 of its executive management are women.

From global hires to local training, Gulf SWFs are reshaping talent strategies—building diverse teams, expanding overseas, and driving localization at home.

Fund name	Total employees	Localization rate
ADIA (Abu Dhabi)	1,310 (end-2023)	36%
PIF (Saudi Arabia)	2,962 (end-2024)	82%
Oman Investment Authority	422 (end-2024)	93%
Qatar Investment Authority (QIA)	620 (2024)	N/A
Kuwait Investment Authority (KIA)	530 (est. 2025)	N/A
Mumtalakat (Bahrain)	120 (est. 2024)	N/A

Sources: Annual Reports, Press Releases

Professional ecosystems

While Gulf SWFs have tried to build in-house human resource capacity, their evolving needs have also created demand from external service providers such as consultants, asset managers or software providers. International firms have rushed to open a new wave of offices in the region since the pandemic, particularly with slowing work elsewhere.

This has often been encouraged - and sometimes required – by the funds themselves. Riyadh has asked multinationals to base their regional HQs in the Kingdom in order to bid for state contracts, while Abu Dhabi has successfully sought to populate its Abu Dhabi Global Market (ADGM) development by seeding capital to fund managers or investees on condition they establish physical offices in the zone. It reported a 33% annual rise in AUM in Q1 2025, with 144 fund and asset managers and 367 financial services entities registered, up 25% year-on-year and including many big global names.

Underpinned by the Emirate's giant financial assets, ADGM is now gaining enough critical mass to attract more firms and in turn create a pool of expertise and innovation that will ultimately feed back into the funds themselves, on a smaller scale but similar way to established finance ecosystems in Wall Street or the City of London.

Meanwhile Gulf SWFs have looked to modernize their IT systems and investment platforms in order to improve decision-making and internal management, plus keep pace with emerging challenges such as data security and storage. Upgrades have been undertaken to trading platforms, HR systems and physical network infrastructure, creating opportunities for providers.

State Street has boosted its presence in Abu Dhabi and said last year it would roughly double its headcount in the region to help sell its Alpha multi-asset platform. Denmark-based SimCorp, which has long had regional SWF clients including ADIA and Saudi pension fund manager Hassana, now runs physical offices in Abu Dhabi and Riyadh to market its flagship SimCorp One platform and Axioma range of analytics tools.

In May this year BlackRock announced a new reinsurance platform in partnership with Abu Dhabi's International Holding Company (IHC), part of the web of state-owned investment vehicles in the Emirate, which will use its Aladdin portfolio management system. ADIA, meanwhile, has invested in Montreal-based Innocap, an alternative investments platform which the fund will also now deploy itself.

As with human capital, some Gulf SWFs have been quicker to modernize than others, which should stand them in better stead for the future.

Transparency issues

A further challenge has been greater transparency demands around sensitive international transactions. Historically, Gulf SWFs have been among the least transparent of all global investors, with little or no public disclosure requirements in their home countries and no dedicated international regulation. Most have committed to the Santiago Principles, drawn up in 2008 as governance guidelines for SWFs worldwide, but these are not enforced and there are wide variations in the region.

Some funds have begun to release more information in recent years, particularly if seeking formal credit ratings or raising capital internationally: Abu Dhabi's ADQ issued a detailed prospectus for its 2024 London bond listing, for example. However, much publicly available data remains general and omits key detail, particularly for the more opaque entities like the KIA. While this is no obstacle to domestic or regional activities, Gulf funds have come under greater scrutiny around delicate international investments.

In a climate of economic decoupling and greater nationalism, regulatory authorities in other countries are screening potential deals, examining in detail at who really controls funds and what relationships they have elsewhere. Most GCC countries have tried to remain outwardly neutral on major global issues, for example on US-China tensions or the Russia-Ukraine conflict, which has kept markets open to their funds, but certain deals have put them under sharper focus.

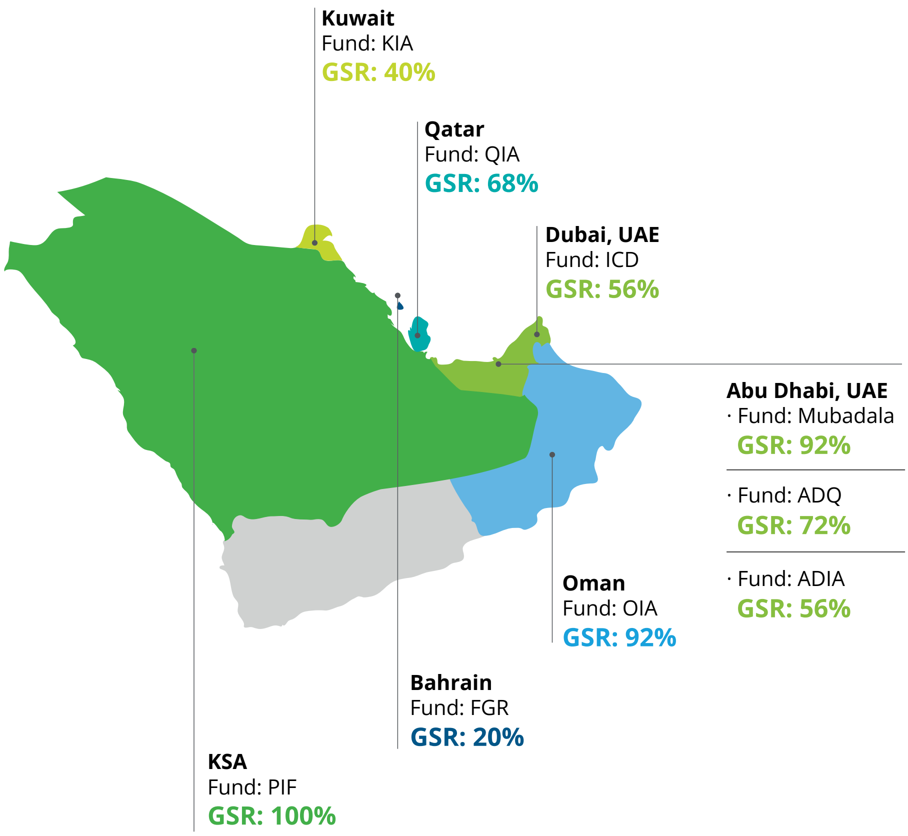
Recent examples include US government probes into the transfer of chip technology to Abu Dhabi, examining its SWF involvement with China, or the 2021 takeover of UK football club Newcastle United, which involved an 18-month review into Saudi's PIF. Defense has been another sensitive area, for example in the UAE, where state-owned SWFs are closely linked with EDGE, a major military contractor and manufacturer.

Some stakeholders or co-investors may therefore look more closely at the governance and operations of Gulf SWFs in order to avoid potential reputational or regulatory risks elsewhere. Furthermore, the sheer size of assets controlled by the funds, and their often-opaque deployment, has raised alarms about systemic risk – as has the wider explosion in "dark" private credit markets globally, which operate outside the regulation of traditional bank lending.

While some funds clearly prefer to operate more secretively, others may embrace greater transparency and governance to improve internal performance. As with the issues around HR processes, the approach varies widely around the region.

Gulf SWFs face mounting pressure for transparency as global regulators scrutinize sensitive deals, exposing the tension between secrecy, governance, and international trust

Percentage score of Gulf SWFs in GlobalSWF's Governance, Sustainability and Resilience (GSR), July 2025



Source: GlobalSWF

Looking ahead

Gulf SWFs will continue to face internal challenges, such as HR management and processes. They will also need to navigate an environment of geopolitical tension and national protectionism that may place limits on their global ambitions.

The result is likely to be further divergence between funds. Those based in more outward-looking, dynamic cities may find it easier to hire and retain top talent and develop local ecosystems, positioning them for better performance but also opening them to more scrutiny and risk. Others may focus on domestic or passive investment, essentially acting more as government vehicles driven by local rather than international staff.

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Key contacts

Julie Kassab | Partner
jkassab@deloitte.com

Julie Kassab is the European and MENA Sovereign wealth fund leader, which includes a number of globally prominent and GCC market leading SWF's, where the region is recognized as a center of SWF concentration, in number, diversity and AUM.

Julie is responsible of bringing the best of Deloitte global networks, to a highly knowledgeable client base, from the Investment management community, leading a team dedicated to the SWF community.

Julie is a Partner within Deloitte's Financial Service practice and has an experience of more than 25 years in providing services to clients in this industry as well as other industries.