

From Lucid to Tesla, Saudi Wealth Fund Goes on Spending Spree

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Saudi Arabia's sovereign wealth fund is set to have its busiest year for deals since the world's biggest crude exporter ago embarked on plans to future-proof itself against oil four years ago.

In recent months, the Public Investment Fund has agreed to invest more than \$1 billion in electric car startup Lucid, built a roughly \$2 billion stake in Elon Musk's Tesla Inc. and is in talks to sell its stake in chemical producer Saudi Basic Industries Corp. that could bring in about \$70 billion. It also raised an \$11 billion loan this week.

The investments are part of plans -- unveiled after the collapse in crude prices in mid-2014 -- to turn the PIF into the world's biggest sovereign fund with more than \$2 trillion in assets by 2030. Those plans also included the initial public offering of oil giant Saudi Aramco to provide the PIF with funds for investments, which has since been put on ice.

With the Aramco IPO delay, the PIF is doing more transactions with "smaller ticket sizes" to possibly limit asset-concentration risks, said Rachel Pether, an adviser at the Sovereign Wealth Fund Institute, which estimates the PIF holds about \$250 billion of assets. "2018 will be the PIF's most active investment year in terms of number of deals since 2014."

| YEAR | DEAL COUNT | TOTAL VALUE | AVERAGE DEAL SIZE |
|------|------------|----------------|-------------------|
| 2018 | 12 | \$7.91 billion | \$659 million |
| 2017 | 9 | \$73.2 billion | \$8.1 billion |
| 2016 | 11 | \$4.02 billion | \$366 million |
| 2015 | 10 | \$3.05 billion | \$305 million |
| 2014 | 26 | \$954 million | \$37 million |
| 2013 | 7 | \$448 million | \$64 million |
| 2012 | 20 | \$1.12 billion | \$56 million |

* Source: Sovereign Wealth Fund Institute

* NOTE: 2017 data skewed by investment into SoftBank fund

Here's a look at some of the PIF's most recent investments:

Lucid

The PIF signed an agreement this week to invest more than \$1 billion in aspiring electric-car maker Lucid Motors. The deal clinches crucial funding for the Silicon Valley-based startup to start making its first model, the Air sedan, in 2020. It will also help the PIF hedge against fluctuations in oil prices.

Tesla

Shortly after it was revealed that the PIF had built an almost 5 percent stake in Tesla, Musk tweeted on Aug. 7 that he had secured funding to take the company private. The PIF was said to be working to be part of plans to take Tesla private before they fell apart days later. Musk was said to have stirred unease among Saudi officials about the publicity surrounding their potential role. There were also concerns about possible fallout from his tweets drawing shareholder lawsuits and an investigation by the Securities and Exchange Commission.

Sabic Sale

The PIF is in talks to sell as much as a 70 percent stake in local petrochemical giant Saudi Basic Industries Corp. to Aramco in what's set to be Saudi Arabia's largest-ever M&A deal. The sale would give the PIF the financial firepower it needs to carry out ambitious investment plans at home and abroad after the Aramco IPO delay.

Maaden Mining

The fund in June boosted its holdings in Saudi Arabian Mining Co., which runs ventures with companies such as Alcoa Corp. and Barrick Gold Corp., to 65.44 percent from 50 percent. The additional stake in the kingdom's biggest metals producer, also known as Maaden, was valued at about \$2.85 billion at the time.

ACWA Power

The PIF in July raised its stake in ACWA Power, the country's largest independent power-plant developer, to about 25 percent. It bought shares as part of a capital increase, adding to a stake of about 10 percent owned by one of its units. ACWA has 40 power and desalination plants in operation and under construction, with seven projects in advanced development.

Endeavour

The fund is taking a \$400 million stake in Endeavor, one of Hollywood's biggest talent and event managers, people familiar with the plans said in March. Endeavor, which stages events worldwide from New York Fashion Week to Ultimate Fighting Championship fights, could play a key role as Saudi Arabia rebuilds industries that have withered since movie theaters and other forms of cultural expression were banned more than 35 years ago.

Virgin Group

The fund announced plans in October 2017 to invest about \$1 billion in Virgin Group's space companies, Virgin Galactic, The Spaceship Co. and Virgin Orbit. PIF also holds an option to invest an additional \$480 million in Virgin's space services. Saudi Arabia plans to support the ventures' plans for human spaceflight and launching satellites into orbit and may cooperate with Virgin to create a space-centric entertainment industry in the country.

SoftBank

Saudi Arabia and SoftBank Group announced the first close of an almost \$100 billion technology fund, the largest ever, last year, secured from backers led by PIF and the Japanese company. PIF didn't disclose the size of its investment, but Crown Prince Mohammed bin Salman said he might invest up to \$45 billion in the fund over five years. Apple Inc., Qualcomm Inc., Foxconn Technology Group and Sharp Corp. also put in capital.

Blackstone

The PIF agreed to commit \$20 billion in May 2017 to an infrastructure investment fund with Blackstone Group LP, the world's largest private-equity manager. The New York-based company plans to raise the same amount from other investors and with leverage and expects to have more than \$100 billion in purchasing power for infrastructure projects, primarily in the U.S.

Neom

Crown Prince Mohammed bin Salman plans to create a \$500 billion city called Neom on the Red Sea, with a bridge connecting it to Egypt and the rest of Africa. The PIF is overseeing infrastructure development of the project and is one of its backers.

Uber

In one of its first technology investments, PIF ploughed \$3.5 billion in U.S. ride-share company Uber Technologies Inc. in June 2016. PIF Managing Director Yasir Al-Rumayyan took a board seat at the San Francisco-based company after the deal, which valued Uber at \$62.5 billion. At the time, it was the biggest infusion of cash into Uber from a single investor.