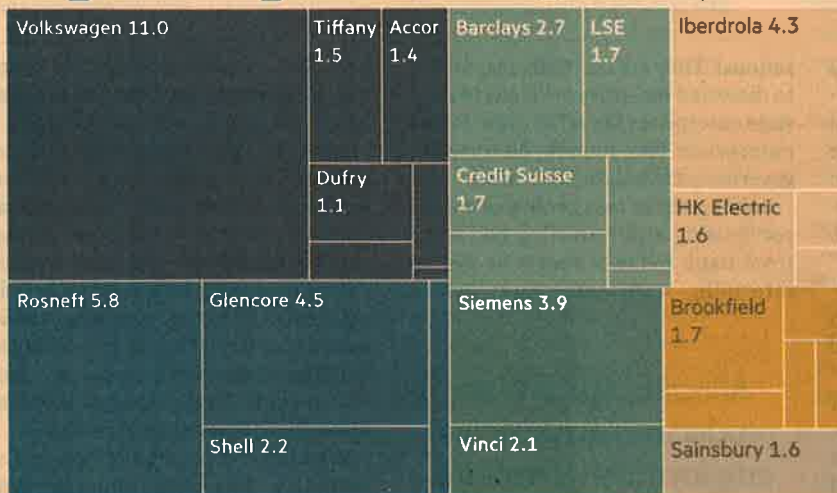


# QIA: feeling the heat

The Qatar Investment Authority tends to make bold bets across a number of sectors, often with wider strategic objectives in mind. But performance varies widely, and investments in resource companies mirror its own gas-dependent economy.

## QIA overseas listed equity holdings

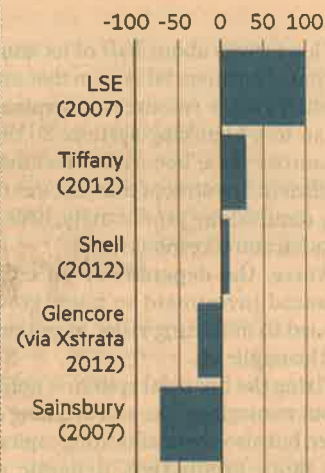
\$bn ■ Consumer Disc ■ Financials ■ Utilities ■ Resources ■ Industrials ■ Property ■ Consumer Staple



FT graphic Sources: Bloomberg; FT research

## Selected performance

% change in \$ terms price (since investment date)



At this time of year the water off Qatar's coastline warms up. That befits the country's situation these days. Already in hot water, politically, with its neighbours, the Qatar Investment Authority's links with Barclays are set to face scrutiny in a UK courtroom. Now the European Central Bank wants to probe whether Qatar, along with Chinese conglomerate HNA, has "significant influence" over management at Deutsche Bank, where it is an 8 per cent shareholder.

The Deutsche stake is held by the Qatari royal family, while the national airline holds stakes in IAG and American Airlines. Still, the QIA is used for many of Qatar's overseas forays. Transactions such as the one

with Barclays during the financial crisis forged a reputation for taking big bets. Buying up a quarter of the shares in UK grocer Sainsbury in 2007 was another example of such gambles — yet losing three-fifths of its initial \$4bn investment so far highlights the risks.

In terms of firepower, the QIA is a bazooka. But its approach is often described as scattergun, ranging widely across sectors such as property, industrials and financial services. Deals are often strategic, used to establish commercial relationships or facilitate the transfer of technology. Stakes in the London Stock Exchange and Sweden's OMX exchange, both taken in 2007, supported the growth of Qatar's domestic exchange. Holdings in construction groups Hochtief and Vinci

led to their involvement in Qatari infrastructure projects.

Its large stakes in foreign resource companies, such as Glencore or Rosneft, may also have been acquired with a view to transferring know-how. Financially, they make less sense. Leveraging the country's own energy resources in this way doubles down on a sector already susceptible to economic shocks.

Local tensions may yet force the sale of some offshore assets. That would be a good opportunity to rationalise the overseas portfolio. A rumoured sale of a portion of its \$6bn stake in Rosneft back to the Russian state would be a good first step. A \$5bn stake in Glencore would make a worthy second offering.