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PM: ValueCap reactivated

STABILISING MARKET: RM20b to invest in selected stocks on Bursa Malaysia

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THE government is reactivating ValueCap with a fund size of RM20 billion, which will be used to invest in selected stocks on Bursa Malaysia, Prime Minister Datuk Seri Najib Razak said.

ValueCap was set up in 2002 to support undervalued shares and it had proven to be effective in stabilising the market, he said.

"ValueCap has generated favourable returns to its shareholders, including Permodalan Nasional Bhd, Retirement Fund Incorporated and Khazanah Nasional Bhd," he said at a press conference to announce measures to strengthen the economy.

From 2003 to 2013, the average return on the funds managed by ValueCap exceeded 11 per cent, with the equity portion of the fund consistently outperforming benchmark returns.

ValueCap is a holding company with direct investments in two subsidiaries: VCAP Asset Managers Sdn Bhd, which holds a Capital Market Service Licence for Fund Management, and i-VCAP Management Sdn Bhd (i-VCAP), which holds a Capital Market Service Licence for Islamic Fund Management.

Since 2002, ValueCap had conducted proprietary investments, or investments of its own monies in marketable securities listed on Bursa Malaysia, as mandated by its shareholders.

Initially funded by borrowings of RM5.1 billion from its shareholders, ValueCap's assets grew to a peak of about RM17 billion in 2010.



Prime Minister **Datuk Seri Najib Razak** announcing measures to strengthen the economy in Putrajaya yesterday. With him is Minister in the Prime Minister's Department and Special Economic Committee chairman **Datuk Seri Abdul Wahid Omar**. Pic by Fariz Iswadi Ismail

Najib urged government-linked companies (GLCs) and government-linked investment companies as well as private companies to translate their earnings from investments abroad into high-multiplier projects at home.

"Since the recovery from the 1997/98 financial crisis, many private companies and GLCs have expanded their businesses abroad with investment value far surpassing that of foreign companies' investment in the country.

"Since June this year, Malaysia has been a net capital exporter with investments overseas totalling RM522 billion compared with foreign investments at RM477 billion.

"Most of these companies have benefited from their overseas ventures and it is time that they bring their returns home."

Najib, who is also finance minister, said the government remained committed to carrying out fiscal consolidation to achieve a lower fiscal deficit target of 3.2 per cent of gross domestic product (GDP) growth.

"Foreign reserves stand at RM357.7 billion (US\$94.7 billion) and that should suffice to fund 7.4 months of retained imports compared with our foreign reserves, which were at RM59.1 billion (US\$21.7 billion) in December 1997.

"The depreciation of the ringgit is

not expected to have a big impact on federal reserves as 97 per cent of our debts are in ringgit denomination and are mostly funded by local sources.

"The country's economic structure has also been diversified where commodity-based sectors, such as agriculture and mining, including oil and gas, now contribute only 18.2 per cent to GDP compared with 26.9 per cent in 1998."

He said the economy had achieved a 5.3 per cent growth in the first half of this year, on track to achieving a growth of between 4.5 per cent and 5.5 per cent this year. It was also expected to expand next year, he added.