

RM1B TO POWER UP LOCAL TECH START-UPS

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Khazanah to invest in innovative and high-growth technology companies, says PM

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KHANAZAH Nasional Bhd will launch a Malaysia-focused fund with an initial allocation of RM1 billion, dubbed the "National Fund-of-Funds".

Prime Minister Datuk Seri Anwar Ibrahim said the initiative would invest in innovative, high-growth local companies.

"The government aims to centralise investment agencies, such as Malaysia Venture Capital Management Bhd (Mavcap) and Penjana Kapital, under Khazanah," he said at the launch of the KL20 Summit 2024 (KL20) yesterday.

Anwar, who is also finance minister and Khazanah chairman, said 25 entities that announced their investments yesterday would give a real chance for Malaysia to create cutting-edge technology ventures.

He said among the investors were sovereign wealth funds.

"Khazanah Nasional Bhd, the Retirement Fund Inc (KWAP), and Blue Chip Venture Capital will invest up to RM3 billion in the Southeast Asian and Malaysian ecosystems under the Asean Investment Initiative."

He said KL20 fitted the Madani Economic Framework, underscored by the principle that economic growth and distribution were compatible, and that government correction must be in harmony with market forces.

Economists said the RM3 billion in investments by three Malaysian funds should boost investors' confidence in Bursa Malaysia.

They told the *New Straits Times* this was expected to spur equity investments in the local bourse, particularly in high-growth companies.

"The initiative is also expected to attract more foreign investors, potentially reversing the current trend of net cash outflow from



Prime Minister Datuk Seri Anwar Ibrahim trying out a technology exhibit at the KL20 Summit 2024 yesterday. PIC BY AIZUDDIN SAAD

Bursa caused by selling off by foreign investors," Putra Business School economic analyst Associate Professor Dr Ahmed Razman Abdul Latiff said.

UniKL Business School's Associate Professor Dr Aimi Zulhazmi Abdul Rashid said the RM1 billion for the "Fund of Funds" might be seen as a seed capital.

He said it positioned Malaysia favourably in the region and was expected to attract foreign direct investments as they valued the commitment from government-linked investment companies.

Aimi said both domestic and foreign funds would likely respond positively to the initiative.

"Bursa needs positive signals like this to stimulate higher transactions, especially with those companies that are seen to benefit from government action.

"In the last few days, Bursa experienced a net outflow of foreign investment. Thus, this initiative can make them return to the local market," he added.

SPI Asset Management managing director Stephen Innes said the initiative was geared towards revitalising Malaysia's standing and enhancing its contribution to the semiconductor industry.

Innes said the initiative could catalyse foreign and domestic investments into the region's burgeoning tech ecosystem.

"By consolidating government-backed venture capital agencies under the sovereign wealth fund and setting ambitious goals to elevate Malaysia in the global start-

up and semiconductor arenas, the country is signalling its commitment to fostering innovation and attracting capital.

"This concerted effort is likely to draw increased interest from international investors and stimulate the emergence of more local players in the tech sector, thereby enriching the ecosystem and driving economic growth."

Associate Professor Dr Lee Chin of Universiti Putra Malaysia School of Business and Economics expressed confidence in the government's initiatives to position Kuala Lumpur as a global start-up hub by 2030.

She said this initiative could attract high-quality global investments and empower local entrepreneurs to capitalise on global opportunities.

"Malaysia has a lot of potential to become a start-up hub and connect start-ups from different regions, given its strategic location in Southeast Asia, making it accessible to other major markets in the region."

Lee said Malaysia's diverse and skilled workforce, proficient in multiple languages, was a valuable asset for companies looking to expand and recruit talent.

She said Malaysia also had well-developed infrastructure, including modern office spaces, high-speed Internet connectivity and a robust transportation network, further enhancing its appeal as a destination for businesses. **Additional reporting by Amalia Azmi and Najihah Borhan**