

## **EPF Knows What It Is Doing**

**MALAYSIA TODAY**

**September 17, 2017**

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Kuwait is a small country of 1.3 million citizens and about 2.9 million expatriates. The Kuwait Investment Authority (KIA) is Kuwait's sovereign wealth fund, which manages local and foreign investments. Formed in 1953, the KIA is one of the oldest sovereign wealth funds in the world and the fifth largest with assets exceeding US\$600 billion. Singapore's Temasek Holdings, which was formed in 1974, has an investment portfolio of S\$275 billion with about 70% of its investments spread outside Singapore.

Why are what can be considered two of the world's more successful sovereign wealth funds investing all over the world with more overseas than domestic investments? The criticism by the various opposition leaders that EPF should keep its money in Malaysia and not invest overseas is unfounded. Clearly these people have very little understanding of economics, which is probably why many of the decisions Tun Dr Mahathir Mohamad made when he was Prime Minister ended in disaster.

Anyway, the law allows EPF to invest a maximum of only 30% overseas and not 70% or more like the other more successful sovereign wealth funds in other countries. The opposition should be aware of this so what is the issue? Or is the opposition bankrupt of issues and merely wants to fabricate non-issues? The key to prudent investments is diversification and this is what EPF should be doing instead of putting all its eggs in one basket.

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