

MESSAGE FROM THE CHAIRMAN



NAVIGATING A DYNAMIC MARKET LANDSCAPE

The global landscape was marked by intricate dynamics in 2024. Whilst specific global events of the year presented their own unique complexities, the echoes of a post-pandemic world, coupled with persistent geopolitical uncertainties and inflationary pressures, continued to shape the investment environment. It is within this context that Malaysia's domestic economy demonstrated remarkable resilience, underpinned by the stable policies of the MADANI Government. These have been instrumental in supporting KWAP's efforts to fulfil its crucial mandate, as we leveraged on investment diversification to capitalise on opportunities whilst effectively mitigating potential risks. Through prudent and disciplined management of the Fund, I am pleased to note that 2024 marked as one of the most stellar years in KWAP's investment history, affirming the strength of its long-term investment strategy.

Since its establishment in 2007, KWAP has witnessed remarkable growth, with our fund size quadrupling and achieving an average annual growth rate of 9.1%. This long-term trajectory highlights the success and sustainability of our investment strategies in delivering consistent value through changing market dynamics. The year's remarkable achievement underscores the effectiveness of these tested investment strategies and the disciplined approach we have adopted in navigating the complexities of the global financial landscape.

At the heart of our operations lies the fundamental responsibility entrusted to us: the prudent management and growth of retirement funds for the benefit of Malaysia's dedicated public sector workforce. This stewardship demands a resolute commitment to balancing growth objectives with a measured approach to risk management, ensuring the long-term sustainability of the funds we oversee.

It is with immense pride that I present Kumpulan Wang Persaraan (Diperbadankan)'s [KWAP's] 2024 Integrated Annual Report. It was a year that marked a historic milestone in our journey. The organisation has achieved unprecedented success, a testament to the dedication of our team and the robustness of our strategic direction. We concluded the year with a record-breaking investment income of RM18.01 billion, translating to a total return of 12.0%, the highest since KWAP's inception.



Fund Size

RM185.60 billion
9.3% YoY Growth



Annualised Time-Weighted Rate of Return

12.0%

PARTNERING NATIONAL PROGRESS

KWAP continues to be a significant contributor to Malaysia's national economic growth. In 2024, we actively supported the Government's efforts to drive future-proof economic growth through strategic investments in priority sectors such as data centres and sustainable energy under the Government-linked Enterprise Activation and Reform Programme (GEAR-uP) initiative. This sees us collaborating with other Government-Linked Investment Companies (GLICs) to catalyse growth in key economic sectors within Malaysia through investments in the domestic private markets over the next five years.

Our Dana Perintis and Dana Pemacu initiatives exemplify the alignment of KWAP's fiduciary duty with innovation and national agenda, such as supporting entrepreneurship. By strategically allocating capital to these critical areas, KWAP aims to generate positive economic impact and contribute to the nation's prosperity.

During the year, KWAP also played a crucial role in supporting national financial obligations through a RM5 billion withdrawal from the fund to partially finance the Government's pension liabilities. This action demonstrates KWAP's commitment to its mandate of assisting the Federal Government in this critical area.

STRONGLY ANCHORED ON GOOD GOVERNANCE

Integrity remains paramount to all our operations at KWAP. The Board remains determined in its commitment to providing strong strategic oversight and ensuring the implementation of robust governance practices across all facets of KWAP's operations. As the custodian of Malaysia's largest public pension fund, we believe that a clear strategic direction, coupled with sound governance, is fundamental to achieving our long-term objectives and safeguarding the interests of our stakeholders.

Our commitment to robust governance and risk management frameworks is unwavering. We continue to adhere to and enhance these frameworks, building upon the foundations laid out in previous years. During the year, we pursued the ABMS standard re-certification for KWAP, and established the KWAP Code of Business Ethics and Conduct ("the Code"), which serves as a guide to our employees in safeguarding KWAP's business and reputation, as well as to uphold the highest standard of professionalism and personal integrity in KWAP. An integrated Governance, Risk and Compliance system is also in development to strengthen governance and risk awareness within KWAP.

DRIVING CIRCULAR IMPACT AND RESPONSIBLE INVESTMENT

As an institutional investor, we recognise that sustainable value creation goes beyond financial returns. KWAP has designed and deployed two transformative investment funds, Dana Perintis and Dana Pemacu that proved fiduciary duties and innovation can co-exist. With both funds designed to uphold the fiduciary duties of a public sector sovereign wealth and retirement fund, Dana Perintis uplifts Malaysia's venture and startup ecosystem through robust investments into Malaysia's venture and startup ecosystem and early-stage companies, whilst Dana Pemacu provides carefully tailored investments for high-growth Malaysian companies and critical sectors, aligning with the Government's reformative "GEAR-uP" initiative, "Raising The Ceiling" under the broader Ekonomi MADANI framework. The funds also simultaneously catalyse nation building innovation and delivering risk-adjusted financial returns.

In addition, since becoming the PRI signatory in 2018, we have placed climate action at the heart of our sustainability agenda. Through Pledge 3 and 4, we have committed to achieve Net Zero Portfolio by 2050 and increasing our investments in transition assets to RM20 billion by 2030 which is a clear reflection of our dedication to advance sustainable economic growth.

MESSAGE FROM THE CHAIRMAN (CONTINUED)

This commitment is supported by a comprehensive Net Zero strategy, encompassing a structured decarbonisation plan through active stewardship, strategic asset allocation, and a phased reduction plan. All efforts are aligned with Malaysia’s Net Zero aspiration and contribute to the nation’s broader socio-economic development paving the way for Just Transition.

The KWAP Inspire Conference in 2024 reinforced our leadership in circular sustainability, sparking regional dialogue and youth engagement. Themed “Advancing Circular Transformation for a Climate-Smart Malaysia”, the conference attracted exceptional public attention, generating media coverages across online platforms, broadcast channels, social media, and print publications. Officiated by Minister of Finance II, YB Senator Datuk Seri Amir Hamzah Azizan, the conference brought together leading ESG experts who shared insights on pressing sustainability topics including Circular Economy, Carbon Markets, and Impact Investment.

Other notable sustainability highlights in 2024 were the establishment of KWAP’s Circular Economy Young Leaders for Change (CYCLE) that empowers youth to champion circularity practices in KWAP, exploration for strategic collaboration with Malaysian Forest Fund (MFF), and the successful subscription of Green Electric Tariff (GET) which enabled our office in Kuala Lumpur to reduce its carbon footprint in electricity consumption.

UNWAVERING COMMITMENT AHEAD

The TERAS 5 programme continues to be pivotal in shaping KWAP’s future, driving our long-term vision and enhancing our operational agility and resilience in an ever-evolving environment. We have achieved an impressive accumulated adjusted fund size, reflecting our ambition and commitment to growth.

Looking ahead, the Board remains confident in KWAP’s ability to navigate the increasingly complex global environment. Our approach, grounded in data-driven insights, robust

risk management practices, and a well-diversified portfolio, positions us to effectively capitalise on opportunities whilst mitigating potential risks, ensuring the long-term resilience of the fund. As Malaysia progresses towards pension reform, KWAP is committed to playing a key role in shaping a more resilient, inclusive, and adaptable pension system that meets the evolving needs of our nation.

ACKNOWLEDGEMENTS

The achievements of 2024 would not have been possible without the dedication and hard work of the entire KWAP team. Their commitment to excellence and their unwavering focus on our mandate are deeply appreciated. I take this opportunity to extend my deep appreciation and acknowledgement to KWAP’s Senior Management for their unwavering leadership and contributions in implementing and executing strategic initiatives.

On behalf of the Board, I wish to formally recognise the valuable contributions of Datuk Dr. Shahrazat binti Haji Ahmad and Tan Sri Ahmad Terrirudin bin Mohd Salleh, who resigned from their roles during the period under review. Their considered counsel were much appreciated.

In their stead, we extend a warm welcome to Datuk Ramzi bin Mansor, representing the Ministry of Finance, and Datuk Mohd Shahrin bin Hussin, representing the Government of Malaysia. We look forward to the fresh insights and perspectives they bring. We also extend our sincere gratitude to the Government, our regulators, and our industry partners for their continued support and collaboration.

In conclusion, we remain focused in our mission to secure the financial future of Malaysia’s public sector retirees and are confident in our ability to navigate the evolving landscape and continue delivering sustainable benefits for generations to come.

Datuk Johan Mahmood Merican
Chairman