

## MESSAGE FROM THE CHIEF EXECUTIVE OFFICER



**KWAP delivered one of its strongest investment performances to date, marking a standout year in our history. This stellar achievement was driven by our investment portfolio rebalancing, well-timed asset allocation decisions, and continued push into private markets.**

Our fund size increased by RM15.78 billion to reach RM185.60 billion, a significant 9.3% rise from the previous year, and our investment income reached a record-breaking RM18.01 billion, translating to a total return of 12.0%. This remarkable growth affirms the soundness of our long-term investment strategy and the disciplined execution of the entire KWAP team in generating sustainable value.

A granular view of our investment performance reveals the strength and synergy of our domestic and international portfolios. Our domestic investments generated a robust return of 12.9%, whilst our international holdings delivered a commendable 9.0%. Notably, public equity emerged as a significant performance driver, achieving a total return of 21.9%, with domestic equity contributing an impressive 23.2% and international equity yielding 16.9%. The strong performance in the Malaysian equity market reflects the underlying dynamism of our national economy, where KWAP plays a significant role as a long-term institutional investor.

Our asset allocation strategy remained well diversified and resilient, with 74.6% allocated domestically and 25.4% allocated internationally. As at 31 December 2024, our portfolio was strategically positioned across diverse asset classes: 51.7% in equity, 32.4% in fixed income, 5.4% in private equity, 5.2% in real estate, and 2.2% in infrastructure, with the remaining 3.1% in cash management for optimal liquidity. This carefully calibrated diversification has been crucial in optimising returns amidst dynamic market conditions.

Navigating the complexities of the global financial landscape necessitates a comprehensive focus on risk management and resilience. KWAP remains committed to a data-driven investment approach, fortified by robust risk management frameworks and our well-diversified portfolio. This enables us to effectively manage potential challenges and strategically capitalise on emerging opportunities, ensuring the long-term security and sustainability of the fund.



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## MESSAGE FROM THE CHIEF EXECUTIVE OFFICER (CONTINUED)



### STRATEGIC INITIATIVES DRIVING NATIONAL IMPACT AND FUTURE GROWTH

In 2024, KWAP distinguished itself as a high-performing institutional investor, reaffirming our unwavering dedication to nation-building through transformative initiatives. We are increasing our focus on private market investments, aiming to double our exposure in this private market asset classes. By fostering collaboration and knowledge transfer, KWAP seeks to support high-growth Malaysian companies, enhance local talent, and ultimately strengthen the nation’s financial market.

A notable milestone this year is the advancement of the Dana Perintis - a RM500 million commitment launched in 2023, with the successful deployment of the initial RM100 million tranches into high-potential Malaysian start-ups and venture capital funds.

Aligned with the Government’s broader reform agenda on Government-Linked Investment Companies (GLICs) KWAP has earmarked RM6.0 billion for Private Capital Investment under the newly launched Dana Pemacu in May 2024. This approach aims to enhance the private capital ecosystem whilst promoting ethical and socially responsible investing. In addition, Dana Pemacu will also unlock the potential of Islamic equity capital and amplify the impact of Shariah-compliant investments, in particular with 50% of the amount allocated to Shariah-focused investments.

Another significant achievement this year is KWAP’s participation in the Government-linked Enterprise Activation and Reform Programme (GEAR-uP), a national initiative led by the Ministry of Finance under the Ekonomi MADANI framework. The programme seeks to harmonise efforts across GLICs to catalyse growth in Malaysia’s key economic sectors. As a key player, KWAP has pledged up to RM40 billion over the next five years to domestic private markets, with a focus on high-growth, high-value industries.

A recent RM219 million investment in an Asia-based offshore renewables platform exemplifies our commitment to sustainable investments, supporting the energy transition whilst driving innovation and creation of long-term value. This initiative reflects our commitment to the energy transition, aiming not only to elevate Malaysia’s economic stature but also to enhance societal well-being through innovation, skilled job creation, and sustainable development.

### SERVING OUR MANDATE AND SOCIETY WITH DEDICATION AND IMPACT

KWAP remains resolute in its mission to elevate the quality of retirement services for our beneficiaries. In 2024, we proudly served over 810,000 pension recipients nationwide, a 2.4% increase from the previous year. Our unyielding pursuit of service excellence is reflected in our outstanding Service Level Agreement (SLA) performance score of 99.8%, well above the 95.0% benchmark.

As the entrusted administrator of pension disbursements for government retirees, KWAP plays a pivotal role in the implementation of Phase 1 of the Sistem Saraan Perkhidmatan Awam (SSPA), which supersedes the Sistem Saraan Malaysia (SSM) effective 1 December 2024. We have successfully recalibrated pension payments for affected recipients, with updated disbursements executed promptly on 18 December 2024.

Throughout the year, KWAP has actively engaged tens of thousands of pensioners across Malaysia through our MyPesara outreach programmes, including Jelajah MyPesara and Karnival MyPesara. These efforts were further complemented by MyPesara Prihatin, which underscored our social responsibility by delivering critical disaster relief to impacted communities.

Meanwhile, now in its third year, the Anugerah MyPesara continues to celebrate the enduring legacy of public sector retirees who remain actively engaged and contribute meaningfully to society.

### **ACCELERATING SUSTAINABILITY PATHWAYS FOR A CLIMATE SMART MALAYSIA**

2024 was a pivotal year where, KWAP advances our sustainability agenda, by intensifying our efforts to tackle pressing environmental and social challenges guided by the commitments outlined in our five Sustainability Pledges. As an institutional investor, we are committed to ‘walk the talk’ on sustainability. To reduce our environmental footprint through practical and measurable actions, we have subscribed to TNB’s Green Electricity Tariff (GET), enabling 84% of the electricity at our Kuala Lumpur office to be sourced from renewable energy.

Recognising the vital role of the younger generation in driving change and building on the fact that the majority of KWAP employees are youth, we also launched CYCLE (Circular Economy Young Leaders for Change). This youth-led initiative empowers our youth employees to champion circular economy practices within the organisation, fostering a culture of sustainability and inclusivity from the ground up.

On 6 August 2024, KWAP marked another key milestone with the successful hosting of its flagship event, KWAP Inspire 2024, themed “Advancing Circular Transformation for a

Climate-Smart Malaysia.” The conference brought together leading ESG and circular economy experts from across Asia and the Pacific including asset owners, asset managers, institutional investors, policymakers, academicians, and emerging sustainability professionals for an engaging exchange on topics such as net zero ambition, impact investing, Islamic finance, youth, and social security.

Post-conference, our collaboration with Malaysia Forest Fund (MFF) took centre stage, reinforcing KWAP’s support for the national carbon credit ecosystem through instruments such as Forest Conservation Certificate (FCC) and Forest Carbon Offset (FCO), as part of our broader commitment to environmental stewardship and nature-based climate solutions.

### **EXECUTING THE KWAP DIGITAL TRANSFORMATION ROADMAP**

In our ongoing pursuit of operational excellence and enhanced stakeholder value, KWAP recognises the transformative power of digital technologies. In 2024, we made significant strides in bolstering our manufactured capital through the diligent execution of strategic digital transformation initiatives. Our comprehensive Digital Transformation Roadmap, firmly anchored by our overarching Digital Transformation Strategy, has served as an instrumental guide for all our digital endeavours, ensuring a cohesive and purposeful approach.

This well-defined roadmap is strategically built upon five key and interconnected pillars: Digital Governance and Services, Cyber Resilience, robust Technology Platforms, comprehensive Data Management, and agile Digital Business Systems. These fundamental pillars provide a robust and structured framework that underpins our journey towards achieving comprehensive digital excellence across the organisation.

Significant efforts undertaken across these strategic pillars in 2024 clearly demonstrate KWAP’s unwavering commitment to achieving operational excellence and fostering long-term value creation for all our stakeholders. These initiatives ranged from critical upgrades to our core IT systems, ensuring enhanced efficiency and reliability, to the crucial strengthening of our cybersecurity infrastructure, safeguarding sensitive data and maintaining operational integrity.

## MESSAGE FROM THE CHIEF EXECUTIVE OFFICER (CONTINUED)

Furthermore, we have actively fostered a digital culture within the organisation, empowering our employees with the skills and mindset necessary to thrive in an increasingly digital landscape. The ongoing and future-oriented initiatives within this roadmap will strategically leverage technology to drive improvements in operational efficiency, enhance the security of our systems and data, and ultimately elevate the quality and accessibility of our service delivery, firmly positioning KWAP as a digitally advanced and resilient organisation.

### COMPLETION OF TERAS 5

TERAS 5 has culminated in outstanding success, marked by the completion of 28 sub-workstreams that have fortified KWAP's organisational framework and secured approvals for critical governance frameworks, operational guidelines, and long-term enterprise strategies. These achievements have catalysed substantial growth and transformation across the organisation. By addressing foundational gaps in talent, processes, digital infrastructure, governance, and structural alignment, TERAS 5 has significantly enhanced KWAP's agility and strategic coherence, laying a robust foundation for sustainable innovation and growth.

This transformation has institutionalised governance and performance monitoring, optimised resource utilisation, and reinforced clarity, accountability, and decision-making effectiveness. As a result, KWAP is now working to incorporate operations with data-driven precision and future-ready systems, leveraging AI, analytics, and automation to enable faster, smarter decisions. These advancements have not only elevated the retirement experience for our members but also contributed meaningfully to long-term value creation.

### NAVIGATING GLOBAL UNCERTAINTIES AND SHAPING A RESILIENT FUTURE

KWAP is committed to playing a pivotal role in shaping a more resilient, inclusive, and adaptable pension system for the future. As Malaysia's population landscape continues to evolve, the importance of a resilient and inclusive retirement system becomes increasingly clear. KWAP recognises that the needs and expectations of our pensioners are also changing—shaped by longer life expectancy, rapid digitalisation, and shifting socio-economic dynamics.

In response, we are exploring ways to expand the scope of our support beyond the traditional role of pension disbursement. This includes encouraging active ageing and economic participation through entrepreneurship opportunities in the silver economy, improving access to healthcare and well-being services, and strengthening digital literacy to ensure our retirees remain connected and empowered.

KWAP remains committed to working alongside key stakeholders to contribute meaningfully to Malaysia's long-term retirement landscape. Our focus is on ensuring that the system remains adaptive, future-ready, and anchored in financial sustainability, whilst also reflecting the dignity and aspirations of those it serves.

Looking forward, our investment strategy for 2025 will remain adaptive and grounded in rigorous analysis, building upon our successes to achieve sustainable long-term optimal risk-adjusted returns. We will continue to strategically explore opportunities in international and private markets for long-term growth and diversification.

### APPRECIATION AND GRATITUDE

I extend my deepest appreciation to our Chairman of the Board, the Board and Investment Panel Members for their invaluable guidance and unwavering support throughout the year. I also wish to acknowledge the exceptional hard work, dedication, and commitment of the entire KWAP team. The collective efforts of the divisional leadership, teams and partners have been instrumental in achieving these remarkable results, and I am confident in our continued success.

With our capable team in place, we are well-positioned to adeptly navigate future challenges and opportunities to deliver strong, sustainable returns for the future. Our commitment to continuous improvement remains unwavering across all aspects of KWAP's operations and service delivery, as we strive for excellence in fulfilling our mandate.

**Datuk Hajah Nik Amlizan Mohamed**  
Chief Executive Officer