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Khazanah's diversification route

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Higher objective: An aircraft being guided by the Kuala Lumpur International Airport's landing lights. Khazanah is committed to improving the management and operations of the airport's operator MAHB.

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WITH its fingers in numerous pies, the annual performance review of sovereign wealth fund Khazanah Nasional Bhd is bound to grab attention, especially with the hype that surrounded the just-concluded takeover of Malaysia Airports Holdings Bhd (MAHB).

Fresh from posting a commendable RM5.1bil operational profit for 2024, representatives from the government investment arm earlier this week reiterated their commitment to further improve management and operations of the airport operator, while also touching on other relevant topics such as escalating health insurance premiums and the adoption of electric vehicles (EVs).

Its performance last year coincided with the fund garnering a time-weighted rate of return of 24.6%, which Global SWF – a neutral data platform that tracks sovereign funds – says was fuelled by the country's economic growth.

In fact, the platform observes that Khazanah was one of the top performing sovereign wealth funds globally in terms of annual returns for 2024, outperforming the likes of Chile FRP (Pensions) at 17.7%, NZ Super (15.6%) and Norway's NBIM (13%).

While there are questions as expected on MAHB, especially pertaining to whether the Khazanah-led group Gateway Development Alliance Sdn Bhd or GDA has a team of professionals lined up to take control of the airport operator, Khazanah's managing director Datuk Amirul Feisal Wan Zahir goes only as far as confirming that Datuk Mohd Izani Ghani will remain as MAHB's managing director.

"It is way too early to decide on the team of professionals (that



Amirul Feisal: The energy transition, connectivity and digitalisation pillars of Khazanah's investment objectives are important.

will be helming MAHB) at this point in time, but what is most important now for MAHB would be to make sure we get the connectivity and customer experience at the airports right," he emphasises.

While the adoption of technology, especially with regard to clearing Customs, has been good such as the use of the MyBorderPass app and Autogate, he feels that more can be done, especially on the publicity that is needed for Malaysians to be aware of such facilities and make use of them.

He particularly stresses that MAHB can look into ways where customers can spend more time enjoying the facilities at Malaysian airports, instead of spending a significant amount of time lining up or waiting to clear numerous passport check points.

"The other thing would be how we could work with local airlines to improve connectivity at our airports, leveraging on their respective networks," he says.

On another note, Amirul Feisal was asked if IHH Healthcare Bhd, the healthcare group in which the sovereign fund owns approximately 26%, would be

■ Fund says MAHB should make sure it gets the connectivity and customer experience at airports right

■ Fund is now investing in portfolios that comprise 300 to 400 entities

■ It says stakeholders in insurance industry looking into ways to mitigate rise in premiums

playing a heavier social responsibility role in curbing the increase of medical insurance premiums.

He acknowledges the fact that stakeholders in the conversation, including insurance companies and private hospitals, are already looking into ways to mitigate the rise in premiums, before saying medical inflation affects not only Malaysia but other countries as well.

"We may need to pose the question directly to IHH about what sort of impact it is looking at in managing premiums, but on our part as a shareholder, we can say that Malaysia makes up probably only about 20% of its revenue," he says.

Meanwhile, commenting on how its investee companies can work to accelerate the adoption of EVs, especially in the context of the implementation of the RON95 targeted subsidies later in the year, Amirul Feisal says the effort is not down to one particular entity, but all within the renewable energy cluster.

This was particularly in response to some voices within the automotive industry who are eager to see national energy provider Tenaga Nasional Bhd (TNB) take a more prominent role in constructing more EV charging infrastructure. Khazanah owns approximately 22.6% of TNB.

Amirul Feisal points to UEM Group Bhd, the fund's green investment platform led by the latter's wholly-owned subsidiary UEM Lestira Bhd, which is looking into EV charging facilities.

"We are seeing TNB engaging in joint ventures with highway operators to increase the number of charging stations, but there are also other plays within the ecosystem where companies such as UEM Group can also have an impact," he says.

At the same time, while it is perhaps well known that Khazanah is looking to maintain

roughly 60% of its portfolio in Malaysia, the diversification theme is consistent, even with its overseas investments.

Its chief investment officer Datuk Hisham Hamdan says the fund is increasingly utilising more quantitative and systematic investing, where instead of investing in a portfolio of 30 to 40 companies, it is now investing in portfolios that comprise 300 to 400 entities.

"Time in the market is better than timing the market," he wittily adds, notably in the context of how Chinese startup DeepSeek's launch of its latest artificial intelligence (AI) model is disrupting the AI sector.

DeepSeek has attracted attention in global AI circles after writing in a paper last month that the training of DeepSeek-V3 required less than US\$6mil worth of computing power from Nvidia H800 chips.

DeepSeek's AI Assistant, powered by DeepSeek-V3, has overtaken rival ChatGPT to become the top-rated free application available on Apple's App Store in the United States.

This has raised doubts about the reasoning behind some US tech companies' decision to pledge billions of dollars in AI investment and shares of several Big Tech players, including Nvidia, have been hit.

Stopping short of revealing Khazanah's profit target for this year, Amirul Feisal says the energy transition, connectivity and digitalisation pillars of its investment objectives are important as if the companies within these pillars do well, it will also benefit Malaysia as a whole.

Companies that the fund has invested in within these pillars include TNB, UEM Lestira, Cenviro Sdn Bhd, MAHB, Telekom Malaysia Bhd, CIMB Group Holdings Bhd and Axiata Group Bhd.