

# EkuiNAS outsources investments worth RM373m

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PETALING JAYA: Ekuiti Nasional Bhd (EkuiNAS) has selected five local private equity (PE) firms to manage and undertake investments worth RM373 million on behalf of the company and other private investors.

Of the sum, RM240 million is derived from EkuiNAS' own committed capital while the other RM133 million is provided by private investors. Under the programme, EkuiNAS will allocate capital to selected third-party PE firms, which would then raise additional funds from private investors.

"Together with the amount committed earlier under Tranche I, this brings the total amount allocated by EkuiNAS under its Outsourced Programme to RM640 million, with the overall amount made available for investment now amounting to RM925 million," said Datuk Seri Abdul Wahid Omar, Minister in the Prime Minister's Department in charge of financial affairs, at the launch of the EkuiNAS Outsourced Programme Tranche II yesterday.

Tranche I of the EkuiNAS Outsourced Programme has an investment portfolio of seven companies, with a total investment of RM177.3 million. In total, EkuiNAS has committed RM400 million to the programme, 70% of which is dedicated to bumiputera companies.

EkuiNAS chairman Raja Tan Sri Arshad Raja Tun Uda said the company had made a deliberate decision to focus on a more develop-

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mental role for the second tranche of the outsourced programme.

"This means allocating capital to capable bumiputera and Malaysian PE firms with a view of developing them to help broaden the reach of traditional private equity as an alternative provider of capital to high-growth-potential local companies," he explained.

The selection process for EkuiNAS' Outsourced Programme Tranche II started in 2012 and saw 30 firms registering interest. However, only 16 firms submitted proposals and seven were shortlisted

for the due diligence process.

The firms that were eventually selected were Tael Partners, RM Capital Partners, Tuas Capital Partners, CMS Opus Private Equity and Asiasons. These firms will target investments ranging between RM10 million and RM30 million, according to EkuiNAS.

Meanwhile, Wahid believes the easy access to debt has made local entrepreneurs less keen on teaming up with PE firms. "Most entrepreneurs are hesitant to share control of their company with another party. And some parties may not be

comfortable with the governance introduced by having PE in the firm.

"This is where we have to explain to the entrepreneurs that having PE will give more benefits, and not just to improve governance but also to have the additional expertise that PE firms are able to provide, including market access and networks, among other things."

On a separate matter, Wahid said the estimated RM3.3 billion savings from the reduction of fuel subsidies will be channelled to projects such as the Klang Valley Mass Rapid Transit and to support the needy.