

## OUR INVESTMENT APPROACH

**We invest with the aim of delivering sustainable returns for Malaysians while making investments that support national development.**

Our investment approach are designed to deliver sustainable long-term financial returns, based on disciplined portfolio management and investment management processes. This include ensuring appropriate levels of diversification and risk to deliver our investment goals and developmental goals, depending on the nature of the investments.

Domestically, act as an active shareholder that steward key companies in Malaysia's capital markets – focusing on delivering incremental benefits to the economy and society. Malaysia needs to increase its economic complexity by investing in new capabilities and build new ecosystems for new return streams, while optimising existing companies. Khazanah continues to play a catalytic role in this respect across business life cycle and in building ecosystems, from early stage to mature companies and in both public and private equity.

To allow us to deliver our dual mandate, we build our portfolio to achieve our goals in a financially disciplined manner that manages risk-reward at appropriate levels for long-term returns to generate capacity for more investments. The portfolio considers global macroeconomic trends and long-term themes that may impact economic structures and capital markets. As an asset owner with long-term horizon, our actions are geared towards building

a financially sustainable and resilient portfolio across market cycles. The global portfolio plays an important diversification and exposure to global return streams role, which allows for not only improved risk-adjusted return for Khazanah but also maintain our networks with our partners across the world and be in the nexus of information plus knowledge flow.

Our investment management and stewardship approach are predicated on our Shareholder Expectations and Investment Stewardship document which outlines Khazanah's expectations towards our investee companies and investment managers as well as our investment stewardship principles. Investee companies must generate long-term shareholder value while maintaining high standards of governance and business management capabilities.

Concurrently, we steward our investments and make investment decisions in line with our Sustainable Investment Policy. We believe that Khazanah has a duty to create value beyond just monetary terms for the nation and its future generations. We remain conscious of the impact of our investments on the broader society as well as the natural environment, while being cognisant of the need to manage Just Transition appropriately to mitigated unintended consequences of policy and business changes in relation to ESG.

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Our investments are structured along the following categories:

<h3>Investments Portfolio</h3>	<h3>Dana Impak Portfolio</h3>	<h3>Developmental Assets</h3>	<h3>Special Situation Assets</h3>
<p>Our investments portfolio aims to generate long-term, risk-adjusted returns, sustainably preserving and growing our assets.</p>	<p>Catalytic investments in transforming firms to enhance economic competitiveness and resilience, while delivering positive socio-economic impact for Malaysia.</p> 	<p>Long-term developmental investments with potential to deliver economic impact.</p>	<p>Assets which require turnaround in terms of profitability and sustainable operating cash flows.</p>

By strategically allocating investments across these four areas, we can effectively balance our goal of achieving robust and consistent returns while remaining committed to enhancing the long-term socio-economic value for Malaysians.