(Top row, from left) Khazanah Nasional directors Wong Kang Hwee and Datuk Mohaiyani Shamsudin, Jelawang Capital former chief executive officer Bryan Lim, Khazanah Nasional managing director Datuk Amirul Feisal Wan Zahir, the Finance Minister II Senator Datuk Seri Amir Hamzah Azizan, Khazanah Nasional chief investment officer and Jelawang Capital chairman Datuk Hisham Hamdan, Vynn Capital partner Tunku Ali Redhauddin ibni Tuanku Muhriz and Khazanah Nasional director Goh Ching Yin with (bottom row) venture capital fund managers under the EMP and RMI programmes and startup founders.

BACKING THE BUILDERS

Jelawang Capital, a key Dana Impak initiative that empowers the VC ecosystem

PETALING JAYA: As Malaysia sharpens its focus on building an innovation-driven economy, Jelawang Capital (Jelawang) is laying early groundwork to strengthen the country's venture capital (VC) ecosystem.

A wholly owned subsidiary of Khazanah Nasional Bhd (Khazanah), Jelawang acts as the country's national fund-of-funds, with a mandate that goes beyond capital deployment. Jelawang's goal is to enable fund managers and high-potential startups to thrive over the long term through structural support and institutional trust. Under Khazanah's broader Advancing Malaysia agenda, Jelawang is backing the next generation of homegrown VC fund managers, while also working with established regional names to bring global capital and expertise into Malaysia's startup space.

This is part of Dana Impak's catalytic investment strategy to transform firms anchored on "A Nation That Creates" framework.

These efforts take shape through two flagship programmes – the Emerging Fund Managers' Programme (EMP) and the Regional Fund Managers' Initiative (RMI). Just last week, Jelawang selected three VC firms under the EMP – Vynn Capital, Kairous Capital and First Move – while the two firms selected under the RMI were AppWorks and Granite Asia. The EMP is structured to support Malaysian fund managers in raising their first, second or third fund with the longer-term ambition of cultivating regionally competitive VC managers.

RMI, on the other hand, aims to attract global fund managers who are committed to expanding and enriching the local startup ecosystem. The move reflects Jelawang's strategy to seed early-stage capital and attract top-tier managers with strong networks and operational track records.

Attracting global partnerships

Kairous Capital partner Adrian Hia says the firm wants its investee companies to have cross-border aspirations from the start, with an eye toward expansion across at least six key Asian markets.

"Kairous Capital has been a cross-border specialist from day one. A key trait for a founder is someone who thinks regionally. This is important, as that's what builds impactful companies.

"A founder needs that combination of vision, conviction and capability. These are key elements for us when we assess deals," Hia says, adding that Kairous enables startups to corporatise their operations and scale into international enterprises through its private equity and venture capital (PEVC) hybrid model.

Granite Asia founder and senior managing partner Jenny Lee echoes the point. "The RMI demonstrates real strategic intent to elevate the local startup ecosystem.

"Bringing our global expertise, we're excited to work with Khazanah and Jelawang Capital to support Malaysian entrepreneurs, unlock new insights and opportunities, and accelerate their growth into becoming a regional force to be reckoned with."

Lee believes that leveraging global insights is crucial for startups seeking regional success.

"We've seen the benefits of leveraging on global talent that can lead to the right market and capital access. As the world de-globalises and disconnects, new economic bridges and new regional clusters are being formed.

"Therefore, it's very important today if you're an entrepreneur or a fund manager that you're not just looking inwards," she says.

Building a thriving ecosystem

Vynn Capital founding and managing partner Victor Chua believes that Malaysia is certainly ready to double down on innovation and hopes more companies will pave the way and inspire the next generation of local entrepreneurs.

"It's really more about investing into the Malaysian ecosystem, and supporting more Malaysian startups and entrepreneurs.

"But the other angle is really to help Malaysia find new areas of growth by inviting foreign guests, foreign startups and foreign founders to come to the market as well. That cross-pollination is what will make the ecosystem resilient," Chua says. He adds that while Malaysia has strong industry verticals like semiconductors, automotive and data centres, it must deepen the "software" layer of domain knowledge.

"What we need is the ability to extract deep knowledge from industries where Malaysia already has an edge, and deepen those strengths so that our peers in the region rely on us," Chua explains.

"Whatever edge we have now won't last unless we keep investing – in talent, infrastructure and ecosystem depth," he adds.

Meanwhile, Granite's Lee says for Malaysia to unlock the next wave of high-growth startups, the country needs a solid collaboration from both the private and public sectors.

She says the private sector can play a role in sparking, catalysing and transforming the ecosystem, while the government should focus on infrastructure, be it physical or digital. Beyond that, she adds that entrepreneurial culture matters just as much as capital.

"The other aspect I want to mention is a softer one, but equally important. To allow entrepreneurship and innovation to work, you need to have a culture that allows for failure. It's okay to fail – without failing or knowing how to fail – you don't know what success looks like," Lee cautions.

Supporting founders

First Move general partner Audra Pakalnyte says that the firm has been founder-led from the start, and it understands the needs of aspiring entrepreneurs. That early belief often matters more than data.

"40% of all investments were actually pre-product and pre-revenue, which means a founder comes with an idea and we say, this is solid. We write the cheque and they go towards their first move. So, we enable founders to make the first move, which is critical," she says.

To date, the firm has invested in 24 companies – about one every month. She adds that there is a real gap of early conviction capital in the ecosystem.

"It's not easy. It takes one [who has] been in their shoes to be able to actually support and empathise with founders or have an idea of what it takes to build from day zero.

"So, I hope we can support more founders and co-create and co-build ideas together," she says.

Kairous Capital's Hia concurs, adding that a fund manager's relationship with founders goes well beyond capital commitments.

"We want to have a transparent relationship and have open discussions with our founders, not only on the wins, but also on their struggles. The GP's role is not just about money but to give founders the resources to help them through difficult times," he says.

AppWorks' South-East Asia principal Sophie Chiu says building a community of founders can lead to collective growth, and there is great potential in Malaysia's vibrant startup ecosystem. Taiwan-based AppWorks was first an accelerator before transitioning into a VC, and in the last 15 years, has built up the largest startup founder community in the region, consisting of more than 600 companies.

Chiu explains building a strong community for founders helps them not only learn how to trust each other, but also foster a sharing space, thus increasing confidence.

"We've seen so many great things happening there, that has been our mission. From this community, we've witnessed about 15 initial public offerings (IPOs)," she says. She adds the element of artificial intelligence (AI) and who is able to leverage the power of that will be crucial in the ecosystem. According to Chiu, the firm has been essentially sector agnostic, choosing not to ride the highs on trends or technology.

However, she notes that pure AI-native companies will fast track itself because of the sheer abilities of the power of AI.

The road ahead

The selection of these five fund managers represents Jelawang Capital's commitment to building a deeper and more globally connected VC ecosystem.

Through the EMP and RMI programmes, Jelawang is setting the foundation for long-term partnerships that not only grow firms but expand Malaysia's economic complexity and enhances its relevance in South-East Asia's innovation landscape.

To know more about Dana Impak:

To know more about Jelawang Capital: