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## **MSS held a seminar with venture capitalists to explore ways to increase VC investment**

Minister OH Youngju of SMEs and Startups called for prompt fundraising and investment to accelerate the recovery of venture capital investments.

MSS has promised to implement the necessary policies to boost the venture capital market.

**Sejong, February 28, 2024** – On February 22, Minister OH Youngju of SMEs and Startups visited the Korea Venture Investment Corporation (KVIC) to assess the measures taken to support a fund of funds. Following the visit, she attended a seminar where she had the opportunity to gather feedback from representatives of venture capital firms (VCs).

It was the Minister's first meeting with venture capitalists since taking office. The purpose of the meeting was to evaluate the venture capital investment market in Korea and gather feedback from representatives of venture capital firms. Based on the input, MSS will strive to improve the VC investment system and maintain the upward trend of venture capital investment.

In order to gather opinions from every side of venture capitalists, representatives from various VC-related associations, organizations, and firms, such as the Korea Venture Capital Association and KVIC, attended the meeting. Institutions handling a fund of funds, representatives from VCs with different investment sizes ranging from rookie to large VCs, corporate VCs (CVCs), and the Korea Accelerator Association also participated.

The participants discussed measures to support Korean VC firms' expansion overseas, including recognizing their investments in overseas companies as primary investments. During their discussion, they talked about expanding a fund of funds for companies that work on convergent content. They also discussed increasing the management fees and support related to a fund of funds. Additionally, they requested more support for a fund of funds for startup planners.

Referring to the current domestic market situation, which showed recovery trends in 2023, Minister OH has expressed her strong will to support the fundraising of venture capital funds in order to accelerate the recovery of Korea's VC investment market in 2023.

She has stated that the government will implement an investment project for a Fund of Funds, in which KRW 1.6 trillion will be invested within the first quarter of 2024. This initiative aims to enhance the government's role as a facilitator. Furthermore, Minister OH has clearly stated that the MSS will create an ecosystem for private funds to flow into the venture capital investment market.

Specifically, the government plans to support the global expansion of startups by enhancing the strategic focus of a Fund of Funds. They will invest a record-breaking amount of KRW 150 billion to the global fund, which will be raised to a total worth of KRW 1 trillion. Additionally, they will invest KRW 100 billion in regional venture capital funds to reduce the investment imbalance in non-capital regions.

The Minister has stated that MSS plans to support large corporations, middle-market companies, and the financial sector in becoming more proactive in venture capital investment. They plan to do this by easing regulations on CVCs, allowing the Fund for Mutually Beneficial Cooperation to invest in venture capital funds, and establishing the Startup Korea Fund.

Furthermore, she mentioned, "MSS will strive to alter the public's perception of venture capital investment to create an environment where more economic entities can participate." She added, "Many people believe investing in venture capital is risky. However, a Fund of Funds has shown an impressive average annual return of 7.5%, with 70% of the total liquidated funds earning profits without experiencing any losses."

Prior to meeting with venture capitalists, Minister OH visited the KVIC office to assess current VC investment policies.

Minister OH emphasized, "We have a public service philosophy that emphasizes finding solutions to problems on the spot. Since taking office, we have prioritized communication with people working in relevant industries. The policy mentioned earlier was MSS' swift response to suggestions made by venture capitalists."

She stated, "MSS will work with individuals and organizations in the industry to boost the venture capital investment market."