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## **Startup Korea Fund, a new venture capital investment platform centered on the private sector, has been launched**

Twenty-one private investors have invested more than KRW 300 billion, which has established a venture capital fund of KRW 800 billion.

A fund of funds will bear losses upfront and initially distribute profits to investors to encourage bold private sector investment.

Seven companies will participate in venture capital funds for the first time, with most of them increasing their investments compared to the previous year. The startup Korea Fund is expected to serve as a platform for attracting easier and bolder investments.

**Sejong, April 29, 2024** – The Ministry of SMEs and Startups (Minister OH Youngju, MSS) held a launching ceremony for the Startup Korea Fund in Seoul on Wednesday, April 24, with participating investors.

In August 2023, the South Korean government declared its vision of 'Startup Korea' in the 'Startup Korea Strategy Meeting' chaired by President Yoon. During the meeting, the strategy envisioned a nation where startups serve as the main players in the economic growth of South Korea. The government also announced the goal of creating a Startup Korea Fund in which the public and the private sectors jointly invest over KRW 2 trillion for four years from 2024 to 2027.

The 'Startup Korea Fund' is a fund that has been established through a collaboration between large corporations, financial institutions, small and medium-sized enterprises (SMEs), and the government. The main objective of the fund is to help achieve the vision of 'Startup Korea.' The government is providing better incentives such as priority loss appropriation, shared growth evaluation bonus points, and government awards to encourage venture capital investment by private companies. By doing so, the government aims to reduce its share of investment and increase the proportion of private funds. This will double the effect of attracting

private funds to the 'Startup Korea Fund.' Typically, in a fund of funds investment, the government invests around 60% of the funds. However, for the 'Startup Korea Fund,' the government invests only 30%, with the remaining 70% invested from private funds (40% from private investors and 30% from additional venture capital).

In 2024, during the first year of the fund's launch, 21 private investors invested more than KRW 300 billion, while the government added over KRW 200 billion, resulting in a joint public-private investment of over KRW 500 billion. This has enabled the establishment of a venture capital fund of approximately KRW 800 billion, which will focus on investing in innovative startups with plans for global market expansion.

In particular, seven companies, such as Hanwha TotalEnergies Petrochemical and Kakao Mobility, are participating in venture capital funds for the first time through the 'Startup Korea Fund.' The remaining companies have significantly increased their investment compared to 2023. The venture capital fund investment size of 16 companies, excluding financial institutions (5), has increased by more than tenfold compared to 2023. The investment has risen from around KRW 12.5 billion in 2023 to around KRW 140 billion in 2024.

Minister OH Youngju stated, "The 'Startup Korea Fund' has offered radical incentives where the government bears losses first and actively distributes profits to the private sector, encouraging more daring venture capital investment by private companies." She added, "South Korean ventures and startups have demonstrated significant potential to lead the global market, as evidenced by winning the most CES Innovation Awards globally this year. The 'Startup Korea Fund' is expected to become the most successful venture fund ever, enabling more companies and financial institutions to make bolder investments in our venture and startup ecosystem more easily."

The Startup Korea Fund will start operating with a launch ceremony on April 24, and investment projects will be announced in May. The process of establishing the fund, including the selection of fund managers, will begin in the second half of 2024.