

Contact	Rachel Minjo Chun Spokesperson for Foreign Media	044-204-7104 rachelmchun@korea.kr
	Yujeong Kim Assistant Director	044-204-7106

KRW 910 billion will be invested in a Fund of Funds (FoF) to raise a venture capital fund of KRW 1.7 trillion, aiming to realize the vision of 'Startup Korea.'

MSS made a public announcement for the first round of regular investment in a Fund of Funds on February 5, 2024.

The selection process for operators of a Fund of Funds will be finalized by the first half of 2024. The fund is also expected to be established by the first half of 2024.

Record-breaking investments will be made in a global fund of KRW 150 billion and a regional venture capital fund of KRW 100 billion.

Sejong, February 15 - The Ministry of SMEs and Startups (Minister OH Youngju) has recently announced its plans to invest KRW 910 billion in order to raise a venture capital fund of KRW 1.7 trillion through the public announcement for the first round of regular investment in a Fund of Funds.

MSS publicly announced an entire budget for a fund of funds in 2024 of KRW 910 billion. This move has shown MSS's commitment to actively support the early recovery of venture capital investments and create a positive momentum in the market.

The first round of regular investment involves several key investments.

① A record-breaking KRW 150 billion will be invested in the Global Fund to create over KRW 1 trillion fund. The Global Fund aims to support attracting overseas investment in domestic startups.

② A record-breaking KRW 100 billion will be invested in the 'Regional Venture Capital Fund,'

which specializes in supporting startups and venture businesses outside the capital region.

The Regional Venture Capital Fund is composed of several types of funds. One of them is the 'Regional Innovation Venture Capital Fund (worth KRW 55 billion),' which collaborates with local governments and public institutions to create master funds. Another is the 'Fund for Regional Startups in Initial Stages (worth KRW 20 billion),' which allows local startup planners and technology holding companies to participate. The third type is the 'LICORN Fund (worth KRW 15 billion),' which focuses on investing in entrepreneurial microenterprises in the region.

③ By investing over KRW 100 billion into the Rookie League fund exclusive to the newly established small and medium-sized VCs, the investment project revamps its operational method to ensure that rookie venture capitals directly propose challenging investment areas.

The Rookie League is a dedicated track for venture capitalists with less than five years of experience and an asset management size below KRW 100 billion.

Approximately KRW 100 billion, which represents roughly 10% of the total investment budget, will be invested in the Rookie League. However, additional budget allocation will be considered if venture capitalists propose groundbreaking ideas.

④ MSS is committed to supporting investment areas that have been overlooked by creating specialized funds. These include a fund for women (worth KRW 16.7 billion), a fund for young entrepreneurs (worth KRW 66.7 billion), a fund for resurgence (worth KRW 50 billion), and an Impact fund (worth KRW 33.3 billion).

The 'Startup Korea Fund,' created by large corporations, financial institutions, and successful ventures, is currently assessing private investors' willingness to participate. A separate investment announcement is scheduled for March 2024.

<The areas where the first round of regular investment will take place in 2024 >

Investment Field		Budget	Goal	Investment Field	Budget	Goal
Global Fund		1,500	10,000	Women	100	167
Regional Venture Capital Fund	Regional Innovation Venture Capital	550	550	Young Entrepreneurs	400	667
	Regional Startups in initial stages	200	333	Resurgence	300	500

	Regional AC Secondary	100	167	Impact	200	334
	LICORN	150	250	Startups in initial stages	800	1,333
Rookie League		1,000+α	1,667+α	Scaling up	500	1,000

The investment structure of a Fund of Funds is being reorganized to accelerate the process of providing investment funds.

① To facilitate faster investments by feeder funds, the criteria for selecting venture capitalists will give priority to their ability to establish the fund swiftly.

② The first-round investment is based on the principle of finalizing the establishment of funds within three months, which is the fund formation deadline. If there is any remaining unallocated investment budget, it will be retrieved and immediately used to select new operators through the second-round investment scheduled in July 2024.

However, if more than 70% of the fundraising is completed by the formation deadline, a one-month extension will be granted.

The penalty for failing to establish a fund will be temporarily waived for this year to ease the burden on venture capitalists during the fund formation process.

Previously, penalties such as restrictions on participation in a Fund of Funds investment were imposed in case of failure to establish the fund.

③ Venture capitalists who made active investments throughout 2023 will be given preference in investment project evaluations. Additionally, an incentive system will be implemented in 2024 to attract more investments. Venture capitalists who invest many times in 2024 will receive favorable consideration for selection in the 2025 investment and government investment programs.

④ A committee for post-investment management will be established for a fund of funds to give investors opportunities to explain significant post-management matters, such as management fee reduction and restrictions in investment.

Minister OH Youngju said, "This year's investment in a Fund of Funds aims to bolster the recovery of the venture capital investment market quickly." She further added, "We have

extensively restructured the entire investment process to rapidly select operators and establish funds within the first half of the year, which will enable significant investments to be made from the second half of the year onwards."

Furthermore, she emphasized, "This year would be the first year of achieving the vision of 'Startup Korea,' and they would quickly implement key policies, including a Fund of Funds, to produce actual results."