

Taiwan to launch 'long overdue' sovereign wealth fund

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Taiwan's planned sovereign wealth fund aims to boost economic momentum, expand global investments and strengthen national security.



Taiwan is set to establish a sovereign wealth fund (SWF) to boost growth, enhance global investment opportunities and reinforce national economic security, with experts highlighting its potential to transform Taiwan's financial and diplomatic strategy.

"In Taiwan's case, an SWF would offer a vehicle for optimising policy, both in generating higher returns on the country's national wealth as well as being a more cohesive financial vehicle to support broader economic or diplomatic

strategy,” Elliot Hentov, head of macro policy research at State Street Global Advisors, told *AsianInvestor*.



Elliot Hentov
State Street Global Advisors

During a national address marking his first year in office on May 20, President Lai Ching-te outlined plans to strengthen Taiwan’s economic momentum through global investment and the establishment of the semiconductor hub's first sovereign wealth fund.

“With a global outlook, we will invest in international markets, while the government will create a sovereign wealth fund and a national-level investment platform,” Lai said.

Emphasising Taiwan’s industrial strengths, he highlighted the government's role in leading investment efforts and collaborating with private enterprise to expand the island’s global presence and align with key markets in the AI era.

Lai said the government would propose legislation to create the fund but did not specify a timeline for its launch.

Hentov described it as an overdue development, given Taiwan’s large balance of payments surpluses and substantial foreign exchange (FX) reserves.

“It would probably be more devoted to international cooperation, helping to secure Taiwanese interests or backing Taiwanese private sector initiatives abroad,” Hentov said of the proposed fund.

Financial markets may also wonder whether the creation of the SWF implies a change in exchange rate policy and could portend a gradual appreciation of the Taiwan's currency, Hentov added.

STRATEGIC EVOLUTION

A Taiwanese fund could follow models like Norway's GPFG or the UAE's Mubadala, leveraging \$567 billion in FX reserves, as of Q1 2025, for global investments while supporting domestic innovation, according to Steve Alain Lawrence, CIO of Balfour Capital Group.



Steve Alain Lawrence
Balfour Capital Group

Lawrence said that this shift would mark an evolution from passive reserve management to proactive, long-term investment.

The fund could help insulate Taiwan from the ups and downs of its key semiconductor sector as well as geopolitical shocks by diversifying into AI, biotech and renewable infrastructure, Lawrence said.

Taiwan's leading tech companies—TSMC, MediaTek and Foxconn—could benefit from reinvestments in next-gen chipmaking, robotics and sovereign AI capabilities.

International exposure would also play a role, with Taiwan potentially taking stakes in US-based Nvidia, Holland's ASML or hyperscale cloud providers to strengthen its position in global tech supply chains, Lawrence added.

"Taiwan's challenge will be to align fund objectives with economic security, innovation funding and demographic shifts—while ensuring robust, independent governance," Lawrence said.

"Done right, the fund could become a key pillar of Taiwan's economic future."

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SOVEREIGN WEALTH FUNDS

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