

## FOREWORD BY THE DEPUTY CHAIRMAN & EXECUTIVE DIRECTOR

In 1981, the Government set up the Government of Singapore Investment Corporation Pte Ltd (GIC) with Mr Lee Kuan Yew as Chairman, a role he continues to fulfil today. GIC's mission is to invest Singapore's foreign reserves to earn reasonable returns within acceptable risk limits over the long term.

I have been a member of the GIC Board since its inception and have seen the company grow in size, breadth and depth over the years. Starting with a few officers seconded from the Monetary Authority of Singapore, our staff strength is now over 1,000. Where once we managed several billion dollars, investing in equities and bonds, we are today one of the largest investment management organizations in the world, investing well over US\$100 billion in multiple asset classes in more than 40 countries.

Recently, there have been increasing concerns expressed in the United States and Europe that sovereign wealth funds, or SWFs, might destabilise markets and financial systems. In this regard, there have been calls for the International Monetary Fund and the Organization for Economic Co-operation and Development to work with SWFs to develop codes of investment practices and principles for SWFs and recipient countries to abide by. GIC has participated actively in discussions on the codes, helping to clarify issues and urging objectivity and realism in the arguments.

There has also been much interest in how the company makes its investments and conducts its operations, especially in the wake of news reports on our investments in banks, infrastructure and real estate.

As the Government of Singapore is the owner of the funds that GIC manages, we take our lead from the Government regarding the disclosure of any information on the funds.

With the approval of the Ministry of Finance, we present a report on GIC's management of the Government's portfolio. In this first report, we highlight what the company has done in the last financial year and provide information on our portfolio management, governance and people.

Such information will assure the investment community and the countries in which we invest that our activities have only one purpose – financial return. This will also assure all our stakeholders that our governance and processes are sound and robust. However, we are not in a position to disclose the size of assets under our management, as the Government’s view is that this would not be in Singapore’s national interest.

Some of the information in this report is already available to the public from the company’s website and from media reports on our investment activities. Nevertheless, putting all this together in a report will let people better appreciate the scope of our investment activities and see them within the context of the objectives that the Government has set for managing Singapore’s foreign reserves.

I am heartened to see the company develop into a world-class organization, with professionals of different nationalities and diverse backgrounds working together to achieve reasonable and sustainable returns for the portfolio. Since its founding, GIC has turned in a creditable performance. I wish to express my heartfelt appreciation for the hard work, dedication and creativity of our staff, and also for the excellent support that we have received from our counterparts and business associates worldwide.



**Dr Tony Tan Keng Yam**  
Deputy Chairman & Executive Director

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