



Report on the Management of
the Government's Portfolio
for the Year 2011/12

2012 IN BRIEF

- The annualised rolling 20-year real rate of return on 31 March 2012 was 3.9%, unchanged from 31 March 2011.
- In view of the increasingly complex financial landscape, two new board committees were set up on 1 January 2012, to supplement the on-going board committees looking at investment strategies and risk. The first is the Investment Review Committee. It reviews GIC's investment process, with particular attention to large investments. The second is the Audit Committee which strengthens the oversight of GIC's internal controls for compliance and the financial reporting and disclosure process.
- GIC set up the International Advisory Board on 1 October 2011 chaired by our Senior Advisor Mr Lee Kuan Yew, with board director Mr Teo Chee Hean as its deputy chairman. The Advisory Board provides perspectives on the future, in particular, global investment trends, emerging asset classes and new growth opportunities.

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PRUDENCE

We exercise prudence and sound judgement and take a considered approach to managing risks as we seek to deliver sustainable, superior investment returns, always conscious of our overriding fiduciary responsibility.

As an institution and as individuals, we conduct ourselves with good sense and circumspection, even as we take the best advantage of our large asset base, global presence, multi-asset approach and long-term orientation.

RESPECT

All of us are united in a common endeavour, regardless of who we are, where we work or what we do. We respect people as individuals, care for their well-being, and welcome diversity in capability and background. We do not tolerate behaviour that works against the interest of our clients or of GIC.

We stress teamwork within and across departments, and with our clients and business partners. We expect everyone to be free, candid and constructive in their comments and suggestions, and always seek to help our colleagues and GIC do better.

INTEGRITY

Everything we do is founded on integrity. We expect the highest standards of honesty from everyone in GIC, both in our work and in our personal lives. This includes abiding by the laws of the countries we invest in, and observing our code of ethics in letter and in spirit.

We must never jeopardise the trust others have in us and in our reputation for professionalism.

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MERIT

We recruit and develop our people solely on merit. We draw our talent from around the world and provide challenging and meaningful work. We grant recognition and reward based on performance and conduct consistent with our PRIME values. We develop our people to achieve their potential so that we may also perform to our potential.

We select business partners based on their capability. We believe in long-term relationships built upon high levels of performance and quality of service.

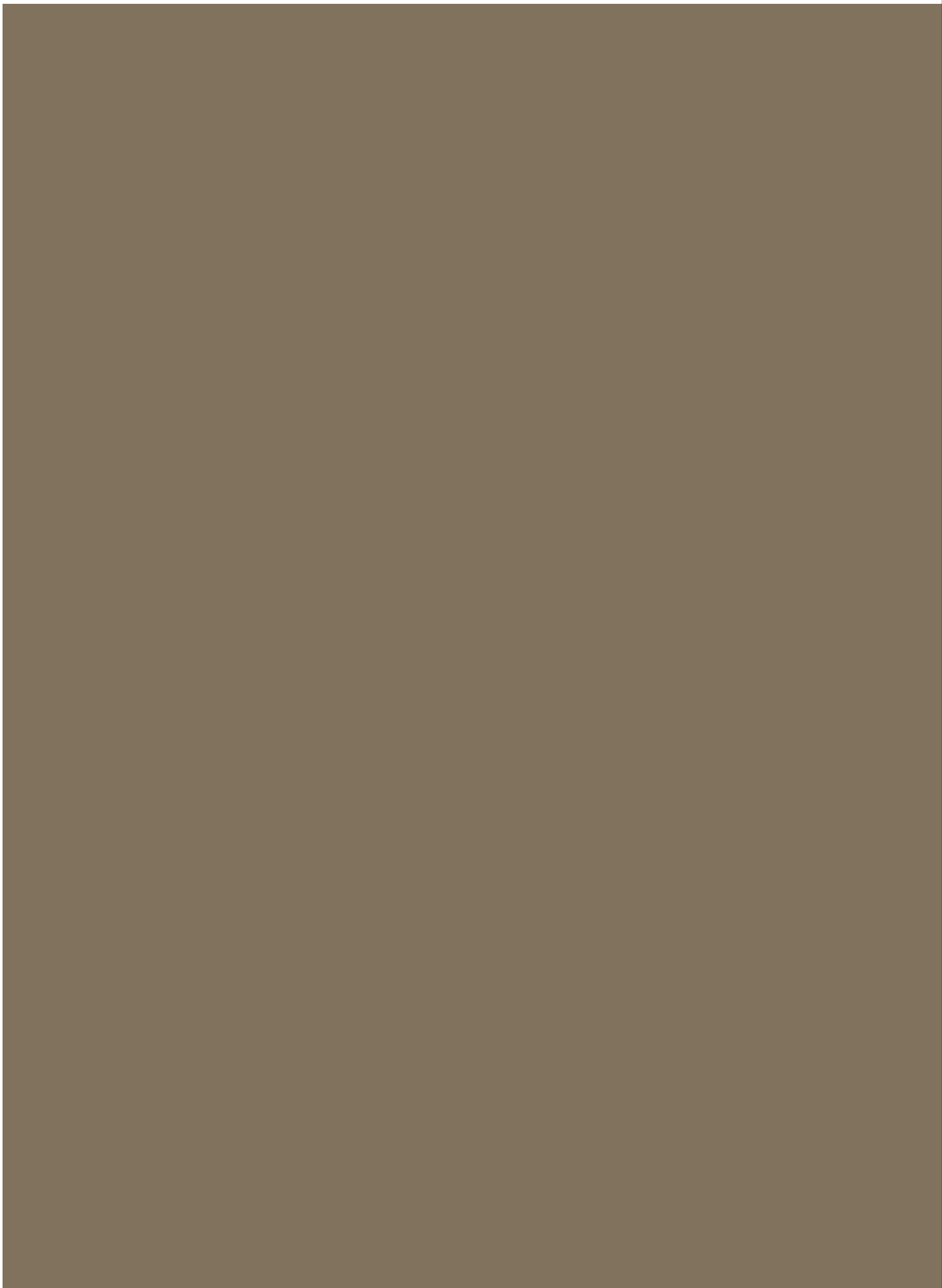
EXCELLENCE

We are relentless in our pursuit of excellence. In all that we do, we strive to be the best that we can be. This demands that we plan and anticipate well, so that we will always be in time for the future, fully able to take up the challenges and opportunities that come, pursuing improvements where they may be found, and economies where these may be gained.

We expect everyone to do his best in every situation. We harness the creativity and imagination of our people and our business partners for sustainable, superior results.

THE GIC PRIMER

Our responsibility is to preserve and enhance Singapore's foreign reserves. People and talent are central to what we can do. We believe that the results we seek are best achieved through a culture founded on our five PRIME values of Prudence, Respect, Integrity, Merit and Excellence.



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OVERVIEW BY THE GROUP PRESIDENT

RESULTS

The market experienced many twists and turns over the last year, with the Eurozone debt crisis, the US economic slowdown and the uncertainties in the emerging markets at times pushing the markets one way, and at times the other, but all loaded with uncertainties and unpredictables. We cannot expect the high economic growth rates of the 1980s up to the Global Financial Crisis in 2008, to return in the near future. The world today is so interconnected that policy decisions and market actions in any region evoke almost immediate responses and reactions elsewhere. On the other hand, short-term concerns and daily headlines which often affect the mood of investors and their confidence for the future, present special opportunities for long-term investors like the GIC.

The Government's mandate to GIC is to achieve a good, sustainable real rate of return over a 20-year time horizon. GIC's 20-year annualised real return for financial year 2011/2012 was 3.9%, the same as the previous year. This Annual Report also gives GIC's 5-year and 10-year performance figures, in addition to the 20-year figures, to give a sense of GIC's medium-term performance while underlining that it is the long-term performance which defines GIC uniquely in its role as the investment manager for Singapore's foreign reserves.

The multi-asset class expertise and long investment horizon allows GIC to pursue investment strategies which deliver extra returns because we can take advantage of our staying power and stick with the fundamentals in investing without being distracted by short-term considerations. To explain this in some detail, we are including two feature articles in this year's report which offer specific insights on GIC's approach to investing. One discusses the merits of long-term investing and how this is practised

in GIC. The other article describes how GIC goes about selecting external fund managers; they play a significant role in the Government's portfolio managing, at times, up to 20% of the portfolio.

GOVERNANCE

New Board Committees

In view of the increasingly complex financial landscape, two new board committees were set up on 1 January 2012, to supplement the on-going board committees looking at investment strategies and risk. The first is the Investment Review Committee, chaired by Mr Peter Seah, to review GIC's investment process, with particular attention to large investments. The second is the Audit Committee, chaired by Mr Chew Choon Seng, to strengthen oversight of GIC's internal controls for compliance and the financial reporting and disclosure process.

International Advisory Board

GIC set up the International Advisory Board on 1 October 2011 chaired by our Senior Advisor Mr Lee Kuan Yew, with board director Mr Teo Chee Hean as its deputy chairman. The other members of the board are Mr G Leonard Baker Jr, Mr Léon Bressler, Sir Howard J Davies, Mr Steven J Green, Dr Martin L Leibowitz and Mr Deepak Parekh, all of whom had served as directors of GIC companies or advisors to GIC board committees. The Advisory Board provides perspectives on the future, in particular, global investment trends, emerging asset classes and new growth opportunities.

PEOPLE

Appointments and Retirements

Mr Lim Chow Kiat was appointed Deputy Group Chief Investment Officer, concurrent with his position as President of

GIC Asset Management, on 1 April 2012. He will assist the Group Chief Investment Officer in driving group investment policies and strategies. Mr Lim was inducted into the Fixed Income Analyst Society Inc. Hall of Fame in April 2012 for his contributions to the advancement of fixed income analysis and portfolio management. Dr Leslie Teo succeeded Mr Aje Saigal as Director of Economics and Investment Strategy on 1 February 2012, concurrent with his position as Chief Economist.

Four Managing Directors retired in the first half of 2012. Mr Aje Saigal retired as Director of Economics and Investment Strategy on 31 January 2012. Ms Vivien Chen retired as Chief Administrative Officer on 30 June 2012. Mr Saigal and Ms Chen were GIC's pioneers, having been with the company since its early years in the 1980s and seen through critical changes over the years. Also on 30 June 2012, Mr Michael Carp retired as Global Head, Real Estate Investments in GIC Real Estate, and Ms Adelene Tan retired as Head, External Managers Department in GIC Asset Management. We thank them all for their invaluable contributions to the development of GIC.

Six new Managing Directors were appointed on 1 July 2012.

Excellence

GIC aims to be the best that we can be. We recently unified all existing platforms for ideas contribution, recognition efforts and training resources, to empower staff and to reinforce the culture of innovation and openness.

New organizational units have been established. The Integrated Strategies Group brings together private and public market expertise in the pursuit of absolute returns which can involve all aspects of the capital structure. The Global Trading Unit has

been established to have a common trading platform for all public market instruments. The Enterprise Process Excellence Unit has been set up to pursue strategic process improvements which span several departments.

LOOKING AHEAD

There will be greater uncertainties in the future. But we are helped by our global presence, a wide network of contacts across investee companies, counterparties and regulators, a diversified portfolio, a long time horizon, and the ability to deploy capital responsively. Our greatest advantage is that GICians are united and guided by a set of enduring principles which focuses on our commitment to our clients, the development of our people and our anticipation of the future.

To all GICians and to the GIC Board, I wish to say thank you for all the encouragement, leadership and support which have enabled GIC to successfully navigate the year past. The spirit of OneGIC is even more critical for the future as we strive to invest well and contribute to the well-being of current and future generations of Singaporeans.



LIM SIONG GUAN

Group President

July 2012

INVESTMENT REPORT BY THE GROUP CHIEF INVESTMENT OFFICER

MARKET ENVIRONMENT

Risk aversion returned to global financial markets in the last financial year ending 31 March 2012. The Eurozone crisis highlighted the downside risks to a global economy struggling against private sector debt-deleveraging in the developed economies. Equity markets recovered modestly when the Federal Reserve reiterated its determination to keep short- and long-term interest rates extremely low for a prolonged period, and the European Central Bank provided almost 1 trillion euros of three-year liquidity at 1% interest to European banks.

Developed equity markets ended the year broadly unchanged. The rise in the US market made up for the decline in European stocks, but emerging markets suffered negative returns. The flight to safety among investors boosted bond returns particularly of US Treasuries and German Bunds.

In the Government's portfolio, positive returns from bonds and real estate offset the negative returns from emerging markets and natural resource equities.

LONG-TERM INVESTMENT RESULTS

The annualised rolling 20-year real rate of return on the portfolio as of the year ended 31 March 2012 was 3.9%, unchanged from 31 March 2011.

This means that over a 20-year period, GIC has generated a return averaging 3.9% per year on top of having protected the value of the portfolio against global inflation.

The Government's investment mandate emphasises that GIC should invest the portfolio with a long-term orientation. This is why the primary metric for evaluating GIC's investment performance is the rolling 20-year real rate of return.

Investing for long-term returns is a key competitive advantage for GIC over other investors. This year's report includes a feature article that discusses the long-term investing approach and how it is practised in GIC. Successful investing, especially for a large portfolio, requires a suitably long-term horizon because economic and corporate changes often unfold across market cycles and not within a market cycle.

MEDIUM-TERM INVESTMENT RESULTS

Beginning with last year's report, we are also providing nominal rates of return in USD terms over 5- and 10-year periods, in addition to the 20-year real and nominal rates of return. The 5- and 10-year investment results give a sense of the ongoing performance of the portfolio and can serve as intermediate trackers of how GIC's long-term results are evolving. Table 1 shows that as of 31 March 2012, the Government's portfolio had annualised nominal rates of return in USD terms of 3.4% over 5 years, 7.6% over 10 years and 6.8% over 20 years.

COMPOSITE PORTFOLIOS

To put GIC's investment results into perspective, we have included performance data on two composite portfolios. The first comprises 60% global equities and 40% global bonds ("60:40 global portfolio") and the second comprises 70% global equities and 30% global bonds ("70:30 global portfolio"). The nominal rates of return of the composite portfolios are computed from two market indices – the MSCI All Countries Gross Total Return Index for global equities and the Barclays Global Aggregate Bond Index for global bonds.

These composite portfolios are generally accepted as being representative of the strategic asset allocation of large global institutional investors such as pension funds and sovereign wealth funds. However, it should be noted that the nominal rates of return on the 60:40 and 70:30 global portfolios are not benchmarks that drive GIC's investments.

Table 2 shows the Government's portfolio returns alongside the composite portfolios' for time periods of 5 years, 10 years and 20 years to 31 March 2012.

Investment returns should be viewed in the context of risk. Table 3 shows the risk of the three portfolios, with risk defined as the standard deviation of monthly returns.

For the 5- and 10-year periods, the Government's portfolio had higher returns and lower risk than both composite portfolios. For the 20-year period, the Government's portfolio had a lower return and lower risk. This was because in the first decade of the 20-year period, the portfolio was more conservatively invested with more cash and bonds. GIC's diversification into alternative and private asset classes took place in the last ten years.

CHART 1: ANNUALISED ROLLING 20-YEAR REAL RATE OF RETURN OF THE GOVERNMENT'S PORTFOLIO



TABLE 1: PERFORMANCE OF THE GOVERNMENT'S PORTFOLIO

ANNUALISED NOMINAL RATES OF RETURN
IN USD FOR PERIOD ENDED 31 MARCH 2012

| | 5-YEAR | 10-YEAR | 20-YEAR |
|-------------------------------|--------|---------|---------|
| GOVERNMENT'S PORTFOLIO | 3.4% | 7.6% | 6.8% |

TABLE 2: PERFORMANCE OF GOVERNMENT AND COMPOSITE PORTFOLIOS ¹

ANNUALISED NOMINAL RATES OF RETURN
IN USD FOR PERIOD ENDED 31 MARCH 2012

| | GOVERNMENT'S PORTFOLIO | 60:40 GLOBAL PORTFOLIO | 70:30 GLOBAL PORTFOLIO |
|----------------|------------------------|------------------------|------------------------|
| 5-YEAR | 3.4% | 3.2% | 2.5% |
| 10-YEAR | 7.6% | 6.8% | 6.6% |
| 20-YEAR | 6.8% | 7.4% | 7.5% |

TABLE 3: ANNUALISED VOLATILITY OF GOVERNMENT AND COMPOSITE PORTFOLIOS

ANNUALISED VOLATILITY FOR
PERIOD ENDED 31 MARCH 2012

| | GOVERNMENT'S PORTFOLIO | 60:40 GLOBAL PORTFOLIO | 70:30 GLOBAL PORTFOLIO |
|----------------|------------------------|------------------------|------------------------|
| 5-YEAR | 12.9% | 14.4% | 16.1% |
| 10-YEAR | 10.4% | 11.5% | 13.0% |
| 20-YEAR | 9.0% | 10.2% | 11.5% |

¹ The rates of return of the Government's portfolio are computed on a time-weighted basis, net of costs and fees incurred in the management of the portfolio. On the other hand, the rates of return of the composite portfolios are provided on a gross basis, that is, without adjustment for costs and fees.

INVESTMENT REPORT BY THE GROUP CHIEF INVESTMENT OFFICER

ASSET MIX

Table 4 shows the asset class distribution of the portfolio as of 31 March 2012:

The allocation to cash rose from 3% to 11%. Due to the heightened uncertainty in global markets, we allowed the cash inflow from investment income and fund injection to accumulate during the year in preparation for better investment opportunities. Consequently, the exposure to public equities fell from 49% to 45%. We reduced the allocation to bonds because bond yields in the developed markets had been pushed down to abnormally low levels by the flight to safe assets and central bank intervention.

GEOGRAPHICAL DISTRIBUTION

The geographical distribution of assets was broadly unchanged during the year. Within Europe, the exposure to the PIIGS² markets was 1.4% on 31 March 2012 and was invested largely in real estate and selected equities in Italy and Spain.

OUTLOOK

For a large portfolio to earn returns above inflation over a long investment horizon, it must have significant exposure to equity and equity-like assets. The key risks to the portfolio are thus political and economic developments which impact equity returns.

Looking ahead, we assess that the investment environment will be characterised by a global economy struggling to return to sustainable growth.

The developed economies will continue to be weighed down by an extended period of debt-deleveraging. In Europe, the debt crisis has spread beyond the periphery to the larger Spanish and Italian economies. There is still a risk of disruptive events in the Eurozone, and prolonged weakness in economic growth. In the United States, the fragile economic recovery could be aborted by automatic spending cuts and tax increases if political gridlock continues beyond the 2012 elections with no compromise on a long-term plan for reducing the public deficit.

Growth in the emerging economies, particularly China, is also slowing. A cyclical slowdown in China is necessary for its economy to consolidate to a more sustainable growth trajectory. But this slowdown coincides with the problems in the developed economies. It will thus weaken global business confidence and also impact the commodity-producers.

The medium-term investment outlook is therefore challenging. GIC will continue to invest based on sound fundamentals and where appropriate, take calculated risks in order to reap long-term gains.



NG KOK SONG

Group Chief Investment Officer

² Portugal, Ireland, Italy, Greece and Spain

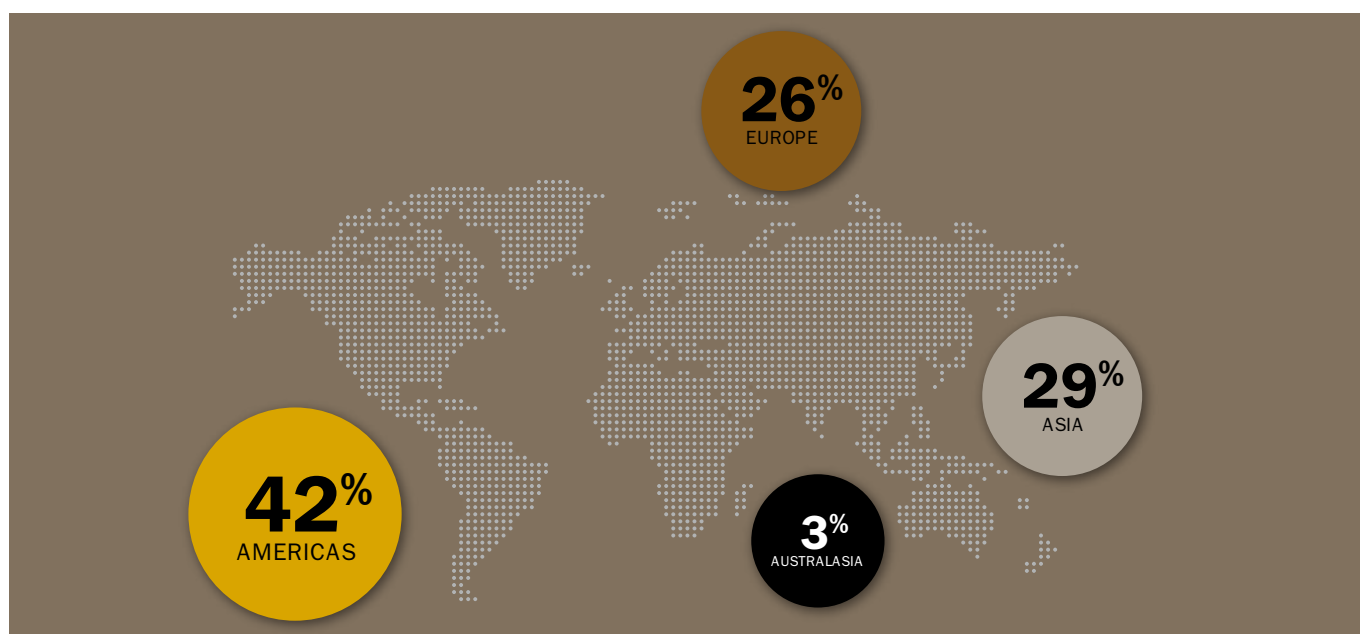


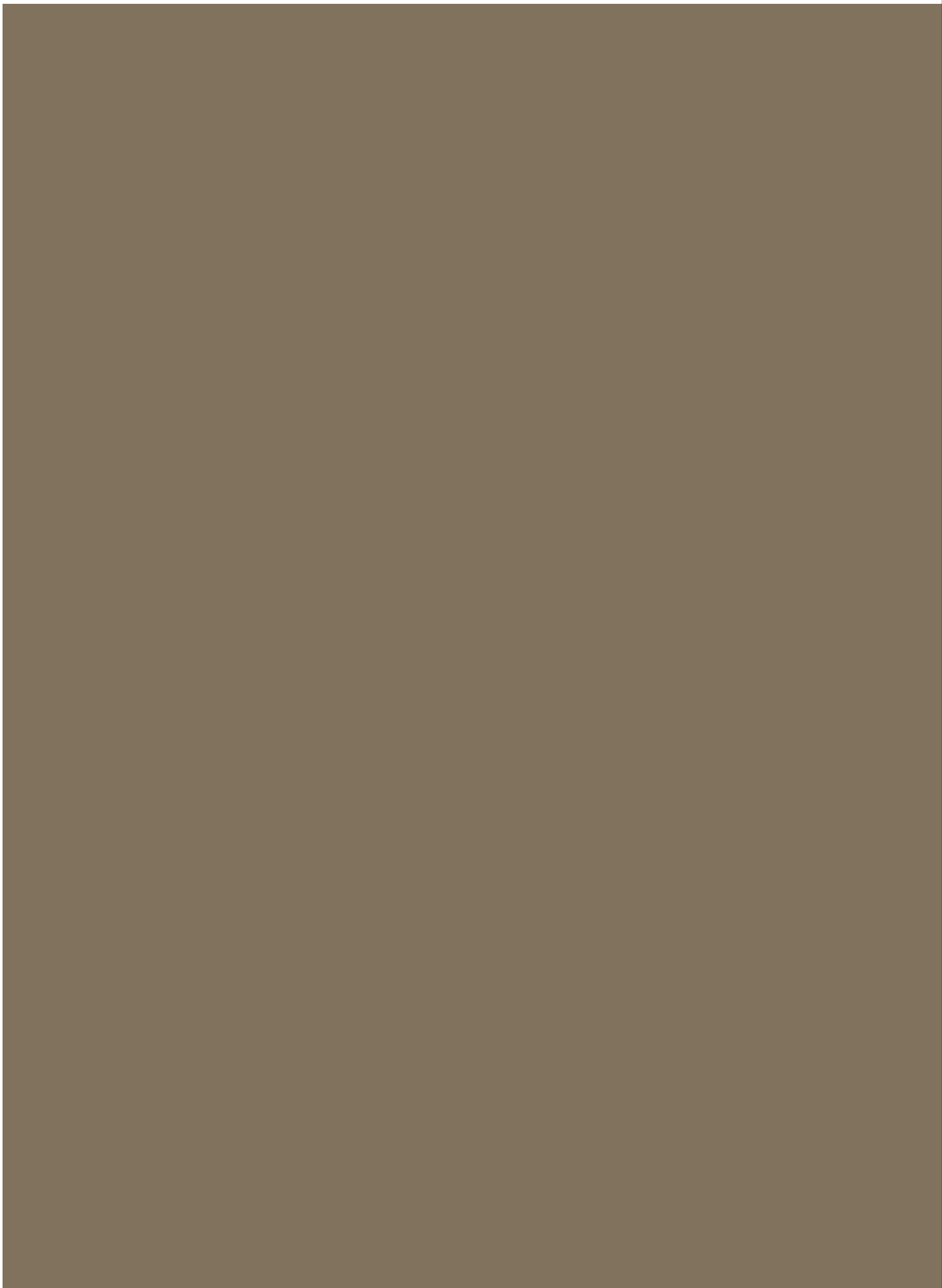
TABLE 4: ASSET MIX OF THE GOVERNMENT'S PORTFOLIO

| | | 31 MARCH 2012 | | 31 MARCH 2011 | |
|--------------------------|---------------------------------|---------------|------------|---------------|------------|
| | | % | % | % | % |
| PUBLIC EQUITIES | Developed Markets | 30 | 45 | 34 | 49 |
| | Emerging Markets | 15 | | 15 | |
| FIXED INCOME | Nominal Bonds | 15 | 17 | 20 | 22 |
| | Inflation-Linked Bonds | 2 | | 2 | |
| ALTERNATIVES | Real Estate | 10 | 27 | 10 | 26 |
| | Private Equity & Infrastructure | 11 | | 10 | |
| | Absolute Return Strategies | 3 | | 3 | |
| | Natural Resources | 3 | | 3 | |
| CASH & OTHERS | | 11 | 11 | 3 | 3 |
| TOTAL | | 100 | 100 | 100 | 100 |

TABLE 5: GEOGRAPHICAL DISTRIBUTION OF THE GOVERNMENT'S PORTFOLIO

| | | 31 MARCH 2012 | | 31 MARCH 2011 | |
|--------------------|-------------------------|---------------|------------|---------------|------------|
| | | % | % | % | % |
| AMERICAS | United States | 33 | 42 | 33 | 42 |
| | Latin America | 4 | | 4 | |
| | Others | 5 | | 5 | |
| EUROPE | United Kingdom | 9 | 26 | 9 | 28 |
| | Eurozone | 11 | | 12 | |
| | Others | 6 | | 7 | |
| ASIA | Japan | 12 | 29 | 11 | 27 |
| | North Asia ³ | 13 | | 12 | |
| | Others | 4 | | 4 | |
| AUSTRALASIA | | 3 | 3 | 3 | 3 |
| TOTAL | | 100 | 100 | 100 | 100 |

³ China, Hong Kong, South Korea and Taiwan



MANAGING THE PORTFOLIO

GIC's mission is to preserve and enhance the international purchasing power of the reserves placed under our management by the Government. The aim is to achieve good long-term returns above global inflation over the investment time horizon of 20 years.

The GIC Board decides on a policy portfolio which specifies the allocation of funds to eligible asset classes. GIC investment professionals seek to add value, and may deviate from the policy portfolio within pre-determined operating ranges, to achieve higher risk-adjusted returns.

MANAGING THE PORTFOLIO

INTRODUCTION

The investment process begins with the policy portfolio, which defines the asset classes that we invest in and our allocation of funds to these asset classes.

The purpose is to meet the investment return objective within the risk tolerance, determined by the Government as owner of the funds.

The policy portfolio is the result of both quantitative analysis and judgment. The quantitative analysis of historical data generates an initial set of assumptions for key variables, such as the expected long-term return and risk of various asset classes and their correlations with one another. These assumptions must then be evaluated qualitatively. They are adjusted for perceived structural changes in the global environment and capital market behaviour, taking into account operating constraints such as liquidity, market capacity, as well as the probability of extreme risk events. The portfolio is then stress-tested to ensure its compliance with the risk parameters that have been set.

The aim is to optimise distribution of investment funds to the asset classes. Operating ranges are specified to accommodate acceptable deviations arising from short- and medium-term volatility and technical causes. In addition, we have created a facility for a medium-term asset allocation strategy to give management, with the approval of the Board, the latitude to make calibrated departures from the policy portfolio in response to market conditions.

MANAGING PERFORMANCE

The investment process starts with the design of the policy portfolio. Directed by the group chief investment officer, the economics and investment strategy department undertakes the analyses and groundwork. Their recommendations are presented to and discussed with the investment strategies committee. Once endorsed, these recommendations are submitted to the Board for approval. The policy portfolio is kept under review but is not changed frequently.

Managers are fully accountable for the performance of their portfolios. Their decisions must comply with prescribed guidelines and limits of the Investment Mandate. We evaluate our performance in three ways: whether we achieve a reasonable rate of return above global inflation for the total portfolio; how each investment professional or team performs against specific market benchmarks or absolute return targets; and how our managers' results compare with those of their peers in the industry.

Our performance measurement is focused on long-term investment results, based on a disciplined and rigorous investment and risk management process.

The first feature article at the end of the chapter discusses the long-term investing approach and how this is practised in GIC.

IMPLEMENTATION

GIC's investment professionals translate asset class allocations into investments across public markets, real estate, private equity and infrastructure in more than 40 countries.

With a long-term orientation, our patient capital allows us to withstand periods of market volatility and benefit from holding investments that take longer to realise their potential.

While we are open to investing in all countries outside Singapore, we do not invest in those the United Nations Security Council has imposed sanctions against. Where appropriate, we exercise ownership rights in the investments to protect the financial interests of the assets under our management.

PUBLIC MARKETS

GIC invests in publicly-traded markets, including public equities in both developed and emerging markets, natural resources, absolute return strategies (hedge funds), fixed income, cash and currencies. We manage a well-diversified portfolio to produce sustained, superior risk-adjusted performance.

Traditional asset class investments in equities and fixed income make up the bulk of the portfolio's investments in public markets. These are complemented by absolute return strategies which provide prospects for us to generate long-term real returns largely independent of broad market movements.

In public markets, our investment decisions are based on an assessment of long-term fundamentals. Specialisation and robust risk management, with clear accountability at every level, characterise the investment process. The aim is to ensure that the risk taken is consistent with our investment goals. A risk budgeting discipline allocates capital to investment teams according to their track record of securing good returns from higher-risk investments. The budget is monitored closely to ensure that risk is properly diversified and managed.

We evaluate the performance of our investment teams against relevant market benchmarks such as the MSCI and Barclays Global Bond indices.

Equities

GIC pursues both active and passive management strategies in equity investing. We have an established team of in-house research analysts and experienced portfolio managers. They conduct in-depth due diligence and research that enable us to identify undervalued stocks with the potential to generate good returns over the long term. Our investment professionals have a wide network of corporate and industry contacts with diverse insights on companies in the investment universe.

Fixed Income

Fixed income investments aim to generate steady returns, provide a liquidity reserve to support portfolio management activities, and enhance capital preservation through diversification. Our portfolio managers employ a range of investment strategies in managing fixed income investments including yield curve analysis, credit, interest-rate duration and currency management to add value to the portfolio.

PRIVATE MARKETS

Our allocation to alternative asset classes stems from their potential to generate high long-term real returns and their role of diversification in the portfolio.

GIC's long investment horizon puts us in a good position to exploit market inefficiencies through the active management of these assets.

Real Estate

GIC is an early entrant among institutional investors in real estate. Investments include traditional private real estate (such as brick-and-mortar assets), public equities (such as real estate operating companies), real estate investment trusts and real estate-related debt instruments. The real estate assets span multiple property sectors, including office, retail, residential, industrial and hospitality.

Real estate investing is governed by guidelines covering countries and regions, property asset types and sectors to ensure the portfolio meets both investment and risk objectives. Asset-specific conditions and risk are among the factors that influence investment decisions. GIC actively manages the assets to generate income and enhance market value through tenant management, market positioning, leasing and capital improvements. In this team-based approach, an appropriate range of real estate and capital market skills is applied to each investment.

Private Equity

GIC's private equity universe includes buyouts, venture capital and special situations such as mezzanine debt, distressed debt and secondary fund investments. We invest both directly in companies as well as through funds. The direct investment programme is focused on taking minority equity positions as well as providing mezzanine financing in buyouts. Our funds strategy aims to identify and invest with leading private equity and venture capital funds globally, and grow with them in the long run. We have built up a network of over 100 active fund managers.

MANAGING THE PORTFOLIO

The investment teams add value to the boards and management of the investee companies by providing advice and access to a global network of business links.

Infrastructure

GIC's interests in infrastructure include user-demand assets such as airports, seaports and highways, regulated assets such as those in water and power distribution, and competitive assets such as power plants. Our primary strategy is to invest directly in operating assets with a high degree of cash flow visibility and which provide a hedge against inflation. These include mature, low- to moderate-risk assets in developed markets, complemented by investments with higher growth potential in emerging markets.

EXTERNAL MANAGERS

GIC partners top-tier fund management institutions that offer access to opportunities, specialised capabilities, in-depth analysis and experience which complement our internal management capability.

We invest in a variety of funds including real estate funds, private equity funds, bond funds, index funds and hedge funds. In addition to the portfolios managed within GIC, we place out discretionary mandates to external fund managers in a wide range of asset classes such as global fixed income and global equities.

While external managers are responsible for their mandates, GIC remains fully accountable for the overall performance of the portfolio. We consistently assess them relative to expected returns, risks and guidelines.

We have included at the end of the chapter a feature article describing how GIC selects and monitors its external managers in the public markets, and the benefits they have brought to GIC.

MANAGING RISK

Identifying and managing risk is an integral part of management responsibility at all levels in GIC. The risk management framework sets the accountability and responsibility parameters for risk-taking. In addition to the Board and its risk committee, different bodies and groups are specifically charged with the task of identifying, analysing, monitoring, reporting and on-the-ground managing of risks.

Our approach to risk management is three-pronged: managing portfolio risk to ensure that risk taken is commensurate with the expected returns and consistent with our mandate; managing process risk so that investment decisions are implemented well; and managing people risk.

MANAGING PORTFOLIO RISK

The Board approves the operating bands for asset classes within the risk parameters specified by the Government. The operating bands are aimed at containing portfolio volatility that may arise from policy portfolio deviations, tactical decisions and market movements. A group-wide investment authorisation framework sets out the approving authorities for different classes and sizes of investments, and subjects large investments to additional review. The risk and performance management department independently sets and monitors performance and risk review thresholds to ensure that risk is properly diversified and managed. Information systems monitor and evaluate risk criteria, trading limits and investment guidelines within each managed portfolio. These systems allow for both pre-trade and post-trade compliance checking.

Portfolio managers and senior management obtain timely feedback through performance and risk attribution tools. Stress tests are also conducted based on a variety of scenarios to determine how potential changes in market conditions and risk events may impact the portfolio. Investment and operations teams work closely with the legal and compliance department to manage legal and regulatory compliance risks arising from the group's investment activities. The in-house legal team also works with external lawyers to address legal risks.

GIC adopts a risk budgeting discipline for public market asset classes to construct an efficient portfolio of active investment strategies. Risk capital is allocated to investment strategies according to the track records of the investment teams and their potential to generate risk-adjusted returns.

For private market asset classes, investment teams conduct extensive due diligence covering the market, physical, legal and financial aspects of the transactions, and the selection of investment partners, holding structures to be used, and exit strategies. They manage the measurement and operational risks associated with the performance of private market assets via operational and financial controls.

MANAGING PROCESS RISK

All investment and operations staff are required to identify, evaluate, manage and report risks in their own areas of responsibility, and to comply with established risk policies, guidelines, limits and procedures.

New investment products or strategies are subject to a risk identification and assessment process conducted by a cross-functional group, so that risks associated with the new product or activity are identified and analysed before any new investment takes place. This process includes ensuring that the required people and infrastructure, including systems, procedures and controls, are in place to manage these risks.

GIC adopts a strong control orientation in managing counterparty credit risk, trading only with financially sound and reputable counterparties. There is a stringent selection and approval process in place to appoint counterparties. We monitor our counterparty exposure against set limits and report counterparty profiles to senior management regularly. Other measures to mitigate credit risk include using netting agreements and programmes requiring counterparties to pledge collateral.

We continuously monitor for key risk indicators including late transaction processing, late report releases, stale prices and system downtime. These indicators highlight potential risk areas that need to be addressed in a timely manner in order to mitigate the risk of loss resulting from possible slippages in GIC's operations.

Our business continuity plan is tested and reviewed regularly to ensure that our procedures and infrastructure can support operations in the event of a business disruption. This enhances corporate resilience and safeguards the group's operations.

Throughout the year, internal and external auditors scrutinise all operations and business processes. Any deficiencies identified must be addressed within set time frames and reported to senior management.

MANAGING PEOPLE RISK

We require our staff to observe GIC's code of ethics, maintain exemplary conduct, and comply with laws and regulations, including prohibitions against insider trading and other unlawful market conduct.

Staff must protect confidential information and handle non-public material with due care. These guidelines are set out in our compliance manual, which is maintained by the legal and compliance department. The manual also states policies relating to the management of conflicts of interest, gifts and entertainment, copyright rules, personal investments and whistle-blowing.

We provide regular training to all staff to keep them current with compliance requirements. The training also helps raise the awareness of operational risk. Staff receive training on exchange regulations relevant to their responsibilities.

Consistent with our long-term orientation, GIC's remuneration policies and practices support and reinforce a prudent risk-taking culture, as well as recognise and reward our people on the basis of sustainable results.

People are at the heart of our business. Our PRIME values are the compass in our management of people, processes and portfolios. These values are included in our staff appraisals.

LONG-TERM INVESTING

The Government of Singapore has entrusted GIC with managing its funds for the long term. This allows GIC to adopt a long-term investment approach – maximizing long-term returns while managing short-term market fluctuations.

Our long-term investing approach allows us to adopt two strategies that other investors may not be able to: harvesting returns from riskier assets and taking contrarian stances when markets are at extremes.

HARVESTING RETURNS

In the long term, riskier asset classes should deliver better returns in order to compensate investors for taking on more risk. By investing in risky assets, investors trade off uncertain payoffs for potentially higher returns over time. We call the extra return earned for investing in a risky asset the asset’s risk premium. It takes patience to harvest risk premiums because the extra returns accumulate slowly and unpredictably over time, but GIC’s long-term investment approach allows us to do so.

Possibly the most important risk premium in financial markets is the equity risk premium (ERP). The ERP is the additional return that stocks deliver over the risk-free rate earned from long-term treasury bonds. This extra return compensates investors for taking on the higher risk of the equity market. While investors may disagree over the exact definition of the ERP, most do not dispute that it exists. Historically, the global ERP has been around 4-5%.

Apart from the ERP, risk premiums have also been observed in other asset classes. Bonds, which represent long-term loans, offer a higher interest rate than short-term deposits to compensate for the risk that interest rates might change. Real estate and private equity, which are less liquid and more difficult to trade, also offer higher returns to compensate for the additional risks.

The Government’s portfolio has a significant exposure to equities and equity-related asset classes as shown in Chart 1. These asset classes offer access to the attractive long-term ERP and other risk premiums. Our long-term investment horizon allows us to harvest these risk premiums while accepting short-term

CHART 1: ASSET CLASS COMPOSITION OF THE GOVERNMENT’S PORTFOLIO, MARCH 2012

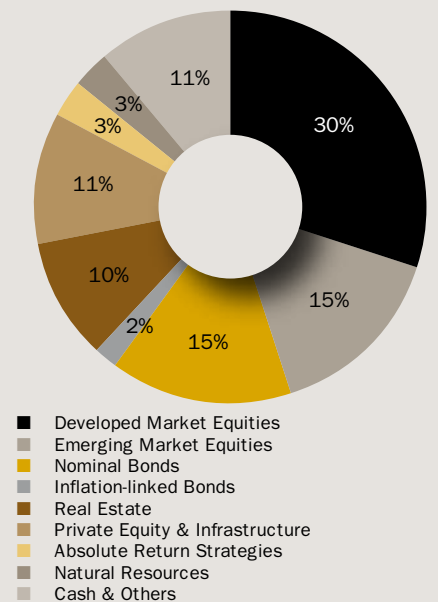
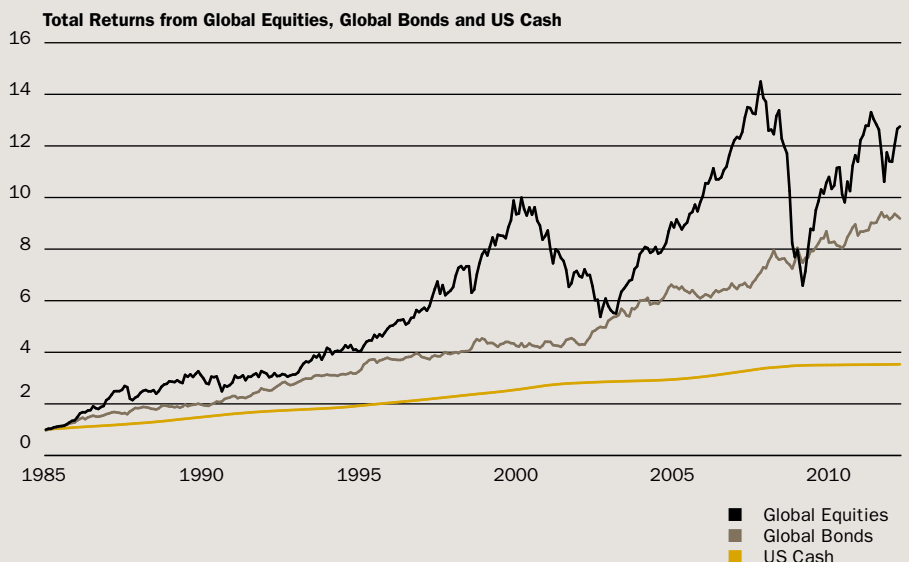
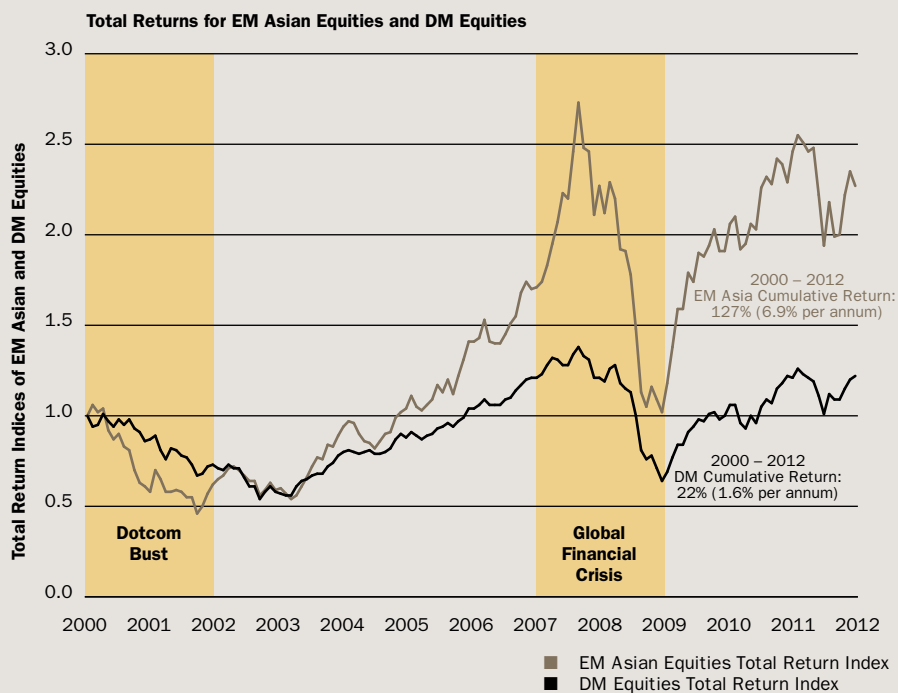


CHART 2: HARVESTING RETURNS FROM ASSET CLASSES ¹



¹ Global equities are represented by the MSCI World Total Return Index (USD) (1985 – 1988) and the MSCI All-Country World Total Return Index (USD) (1988 – 2011), and Global bonds are represented by the Citigroup WGBI All Maturities Total Return Index (USD).

CHART 3: EM ASIAN EQUITIES VERSUS DM EQUITIES ²



² Developed Market (DM) equities are represented by the MSCI World Total Return Index (USD), and Emerging Market (EM) Asian equities are represented by the MSCI EM Asia Total Return Index (USD).

price fluctuations. Over time, these risk premiums compound into superior portfolio returns.

As shown in Chart 2, even though global equities fell substantially during the Dot-Com crisis (2000 – 2003) and Global Financial Crisis (2007 – 2009), staying the course and harvesting the ERP would have led to positive returns over cash and bonds. Since it is difficult for a large investor like GIC to time market falls and rises, GIC accepts some short-term setbacks to achieve our long-term investment goals.

Another example of a risk premium that GIC has harvested is the emerging market risk premium. Emerging market assets are more volatile than developed market assets in the short term. Emerging markets may also be riskier in other respects, such as presenting a higher probability of fraud, loan default and lower tradability during periods of market stress.

Despite the greater risks, GIC decided to increase our exposure to emerging market equities in 2003. This decision was based on two beliefs. First, the boom-and-bust cycles that plagued emerging markets in the past would be less severe in future because emerging markets governments and companies have strengthened

their governance frameworks. Second, and more importantly, these structural improvements in emerging economies would be sustained. Hence, GIC took the view that emerging markets would outperform developed markets in the long term.

Since 2003, GIC has built up its exposure to emerging market equities to 15% of the portfolio, with a concentration in emerging Asia. Emerging market Asian equities have returned 127% since 2000, whereas developed market equities returned only 22% over the same period.

CONTRARIAN STANCE

A strategy of harvesting long-term risk premiums does not mean that investors should simply buy financial assets and wait. The prices of potential investments often do not reflect their true, fundamental value. For example, investors bid up technology stocks during the late 1990s, leading to the Dot-Com boom that eventually collapsed. On the flip side, recessions often drive many investments to bargain prices. These deviations from fundamental value are often caused by short-term market sentiment and herd behavior – irrational urges that an astute investor should not act on. Some of these deviations may also be amplified

by investors’ circumstances, for example, investors who use investment returns to fund regular payouts may have to sell assets during a crisis to raise cash because returns have become zero or negative.

As a long-term investor, GIC has the flexibility to take a contrarian stance, taking positions against the crowd when markets deviate significantly from fair value. Because GIC’s performance is assessed over the long term, and the portfolio does not face regular large withdrawals, we can accept possible short-term underperformance against our expectations in return for longer-term gain.

GIC attempts to determine the intrinsic value of our investments. GIC buys assets when their prices are below intrinsic value and sells them when they are expensive. This is not easy because markets generally function well, but one such episode occurred during the Global Financial Crisis of 2008.

CONCLUSION

GIC’s long-term investment horizon is a competitive advantage which should continue to be exploited to produce better returns for the Government’s portfolio.

Long-term investing enables GIC to harvest risk premiums from different asset classes. It also allows us to take a contrarian stance when short-term deviations are extreme and prices are significantly away from their long-term fundamentals. But we can only enjoy the rewards of long-term investing if we are prepared to tolerate short-term losses or underperformance relative to market indices from time to time.

EXTERNAL FUND MANAGERS (Public Markets)

Since GIC's inception in 1981, we focused on developing an internal capability to invest the Government's reserves. At the same time, we also awarded investment mandates to external fund managers with expertise which complements and augments our own capabilities. External managers have played a significant role in the Government's portfolio, managing at times up to 20% of the portfolio.

Allocating funds to external managers has three strategic benefits. It diversifies the Government's portfolio, expands the investment opportunities available and deepens our understanding of financial markets.

For the funds under external management, we adopt an active investing approach, under which investment managers seek to outperform public market benchmark indices rather than just matching their performance, as in passive investing. We have built long-term relationships with our external managers, some of whom we have invested with for many years. These partnerships have helped us to gain insights into high-quality investment ideas and research, as well as industry best practices in the areas of investments and operations.

THE VALUE OF EXTERNAL MANAGERS

When we first started out, because of our relative inexperience, we invested with external managers to benefit from their experience, expertise and understanding of the financial markets.

We view our external managers as partners Our external managers must share our core investment philosophy that taking a long-term perspective enables an investor to earn superior risk-adjusted returns. We look for external managers who can maximize a portfolio's total market value over market cycles while controlling the interim risks.

Our external managers complement GIC's internal capabilities in their respective asset classes As GIC has upgraded our internal management capabilities, the role of external managers has become more nuanced. In general, we apply the principle of best sourcing, where we appoint external managers in equities and fixed income only if they augment the overall performance of the Government's portfolio. External managers have to justify their management fees by delivering superior performance net of fees. Additionally, some of our external managers operate in niche markets or employ an investment style or strategy beyond GIC's current capabilities.

GIC remains fully accountable for the overall performance of our external managers. We ensure that the risks they take are properly diversified and managed, and fall within the parameters set by the Government for GIC. We evaluate the risks involved in externally managed portfolios together with those that are managed internally.

Our external managers bring other benefits. They share their market and investment insights with GIC. These

insights benefit our macroeconomic forecasts and asset allocation research and sometimes challenge our own investment beliefs. Through our external managers, we have expanded our network of contacts, giving both GIC and our client an important source of knowledge and experience.

Sometimes our external managers refer co-investment deals to our investment teams. They also keep us informed about best practices and norms in areas such as risk management, trade operations and settlements, compliance and monitoring.

DEDICATED IN-HOUSE TEAM TO MANAGE EXTERNAL MANAGERS

The External Managers Department is responsible for appointing and managing external managers in public markets. Two separate, independent divisions within the department handle the investment and compliance/operations aspects of the portfolio under external management.

Within the investment division, different teams cover the wide range of strategies offered by external managers. Each team is fully responsible for all aspects of appointing and managing an external manager including sourcing of the manager, investment due diligence, post-investment monitoring and review. The senior members of the investment teams have extensive portfolio management experience. This has enabled them to gain a deeper understanding of how a particular strategy drives returns and hence leads to a better analysis of investment risks.

The compliance/operations division is responsible for the operational aspects of the mandates awarded by the department. The team works with the external managers, the investment division and other corporate services departments in GIC to conduct independent operational due diligence reviews on each mandate. Such reviews are undertaken prior to the appointment of a new external manager and/or the award of a new mandate as well as on an ongoing basis.

INVESTMENT PROCESS

Managing our externally-managed portfolio entails a four-stage process: Strategy research and manager sourcing; manager review and due diligence; portfolio construction; and portfolio monitoring and risk management.

Strategy Research and Manager Sourcing

We start by identifying a specific investment thesis that we wish to pursue. This could be as broadly-focused as a regional mandate (for example, investing in Emerging Asia stocks) or as narrowly-focused as a specific market mispricing we wish to exploit. After researching the investment thesis, we shortlist and meet with the external managers who have expertise in these specific areas. Many contacts are obtained from our wide-ranging dialogue with market participants, including referrals from our market network and internal team.

Manager Review and Due Diligence

Before an investment is made, we carry out extensive investment and operational due diligence on the manager. As part of the investment due diligence process, we conduct both quantitative and qualitative evaluations. We evaluate factors such as the external manager's track record; its performance relative to its peers; its compatibility with our existing portfolio and our assessment of the manager's team, investment process and attention to risk control. We go through an equally exhaustive operational due diligence process before awarding an investment mandate to the external manager. Some of the factors include the investment structure, internal controls in the operations and pricing procedures.

Portfolio Construction Our goal in portfolio construction is to achieve a balanced portfolio that maximizes returns over the medium term while minimizing the risk of severe capital loss in periods of extreme market stress. Expected returns and risks are interconnected, so constructing the externally-managed portfolio requires good judgment to balance a variety of risks. Our allocation to different strategies is formulated through a clear understanding of the risks and returns inherent in each strategy.

Portfolio Monitoring and Risk Management

We monitor our external managers closely, through regular update calls and meetings. We take a long-term view when assessing managers. In addition to consistent good performance, we look for a steady application of their investment philosophy and process throughout market cycles. At the overall portfolio level, we review the aggregate portfolio risk and return characteristics and market exposures. We also review the portfolio strategy allocations and the attractiveness of specific investment themes.

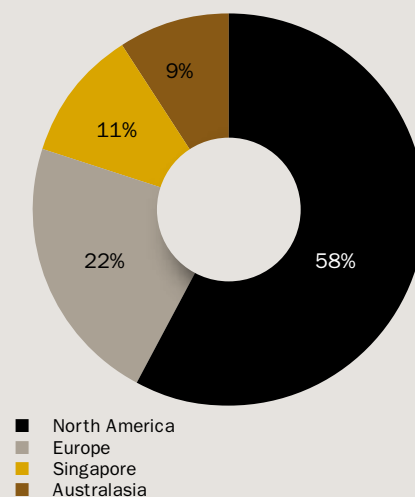
CONCLUSION

While we have honed investing capabilities within GIC over the years, we have always benefited by learning from our peers and partners in the industry. We have built strong connections with our panel of external managers. They will continue to be a valuable source of not only returns, but also market views and understanding of industry best practices.

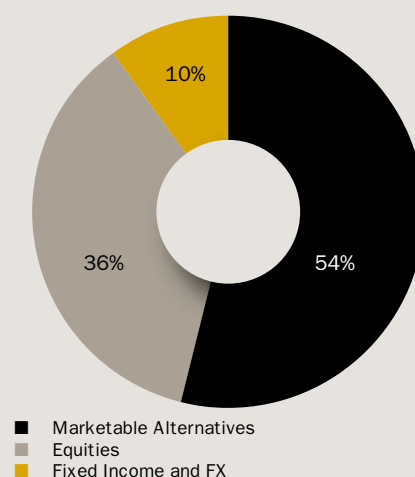
Although external managers can provide strong and diversified returns, outsourcing part of the Government's portfolio inevitably adds further complexity to the overall portfolio. Therefore, we will continue to construct our externally-managed portfolio with a clear understanding of the benefits of using external managers, while paying close attention to risks.

Our approach to external management has evolved in step with our internal capabilities and needs. We continue to seek good managers who can complement our strengths and add value to the structure and performance of the Government's portfolio.

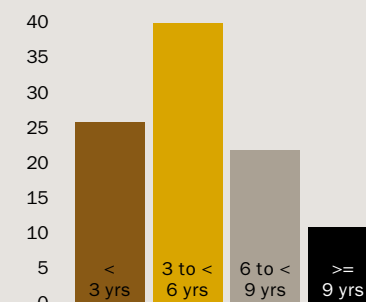
WHERE OUR EXTERNAL MANAGERS ARE BASED

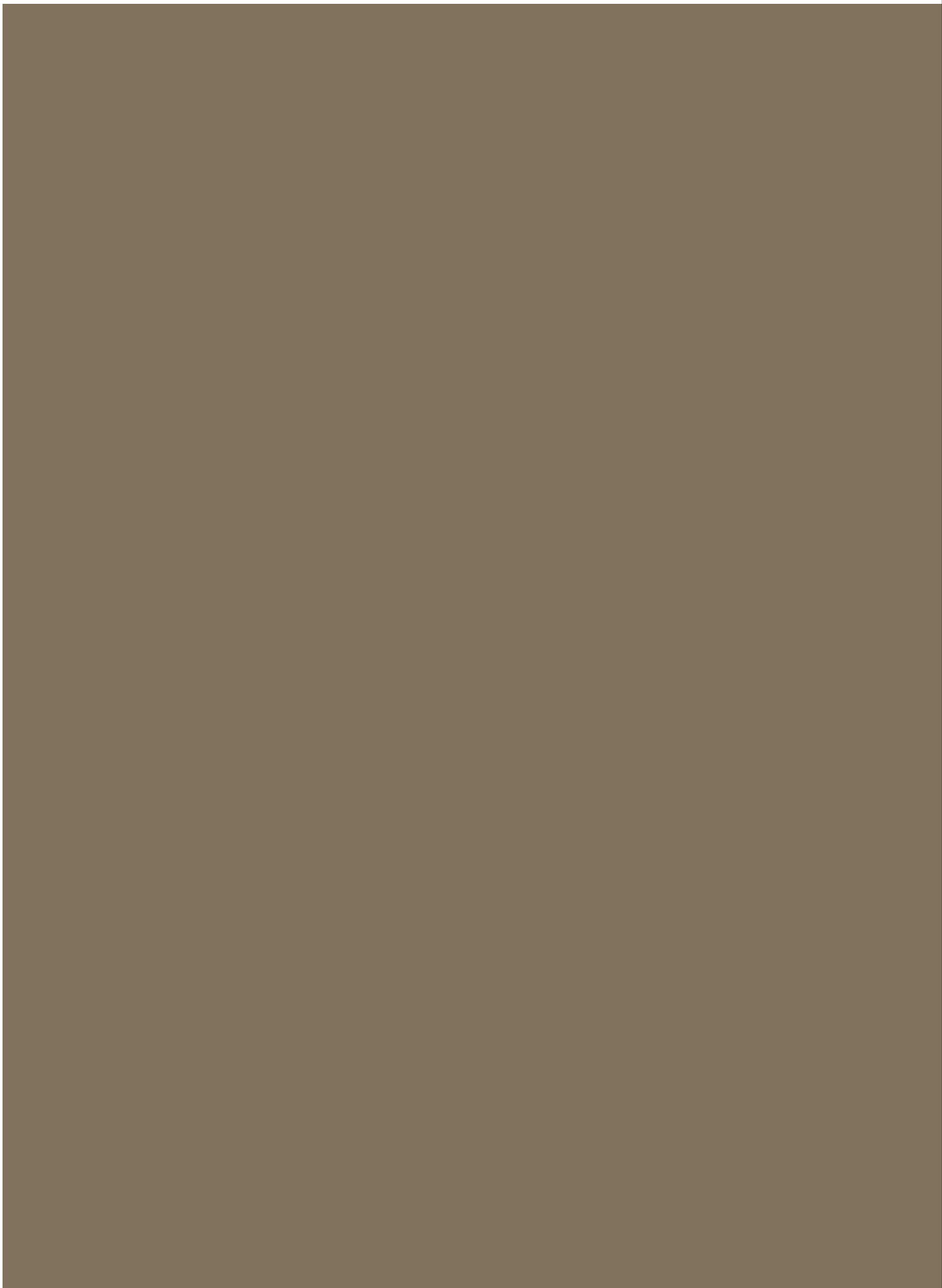


NUMBER OF EXTERNAL MANDATES BY ASSET CLASSES



BREAKDOWN BY LENGTH OF EXTERNAL MANDATES





GOVERNANCE

The Ministry of Finance, representing the Government, sets the investment objective, risk parameters and investment horizon for the portfolio. It ensures that a competent board of directors is in place.

The Board assumes ultimate responsibility for asset allocation and the performance of the portfolio. The management executes investment strategies, is responsible for all investment transactions and reports regularly to the Board and the Ministry of Finance.

GOVERNANCE

INTRODUCTION

GIC was incorporated in 1981 under the Singapore Companies Act and is wholly owned by the Government of Singapore. It was set up with the sole purpose of managing Singapore's foreign reserves. GIC invests well over US\$100 billion internationally in a wide range of asset classes and instruments. As a rule, GIC invests outside Singapore.

SOURCE AND PURPOSE OF FUNDS

The fundamental sources of the Singapore Government's funds are the sustained balance of payments surpluses and accumulated national savings. The portfolio has grown as a result of investment returns.

With no natural resources to keep the country going in times of crisis or severe economic dislocation, these reserves are a nest egg, a safeguard against unforeseen circumstances, and a means to mitigate shocks that may hit Singapore's small and open economy.

The reserves also provide a stream of returns that can be spent or invested for the benefit of present and future generations of Singaporeans. The Government is allowed to spend part of the investment returns on its reserves. GIC's mission is thus to preserve and enhance the international purchasing power of these reserves.

The Constitution of Singapore stipulates a spending rule that determines how much of the investment returns on its net assets the Government can spend. The spending rule allows up to 50% of the long-term expected real return on the net assets managed by GIC and those owned by the Monetary Authority of Singapore, to be taken into the Government's annual budget.

THE GOVERNMENT

An Investment Mandate from the Government to GIC sets out the terms of appointment, investment objective, investment horizon, risk parameters and investment guidelines for managing the portfolio.

The Government, which is represented by the Ministry of Finance in its dealings with GIC, neither directs nor interferes in the company's investment decisions. It holds the GIC Board accountable for the overall portfolio performance.

GIC provides monthly and quarterly reports to the Accountant-General of Singapore. These reports list the investment transactions executed, as well as the holdings and bank account balances. The reports provide detailed performance and risk analytics as well as the distribution of the portfolio by asset class, country and currency. Once a year, the management formally meets the Minister for Finance and his officials to report on the risk and performance of the portfolio in the preceding financial year.

THE PRESIDENT OF SINGAPORE

Since 1991, the Constitution of Singapore has provided for the President of Singapore to be elected directly by Singaporeans every six years and to exercise discretionary powers to protect the reserves not accumulated by a government during its current term of office. Singapore's President is independent of the Government and must not be a member of any political party. This system aims to ensure that the government of the day cannot spend more than what it has earned during its term of office, or draw on past reserves, without the approval of the President. GIC is accountable in various key areas to the President of Singapore as a Fifth Schedule company. The Constitution empowers him to obtain information to enable him to safeguard the country's reserves. No one may be appointed to or removed from the GIC Board without his concurrence. This additional layer of control ensures that the company appoints only people of integrity who are competent and who can be trusted to safeguard these assets.

THE AUDITOR-GENERAL OF SINGAPORE

The Auditor-General, who is appointed by the President of Singapore, submits an annual report to the President and Parliament on his audit of the Government and other bodies managing public funds.

In addition to being audited by GIC's internal audit, the main companies in the GIC group and the Government's portfolio managed by GIC are independently audited by the Auditor-General of Singapore.

Other companies in the group and the investment holding companies are audited by public accounting firms.

THE GIC BOARD

The Board is ultimately responsible for asset allocation and for the performance of the portfolio under management. It is accountable to the Government for the effective management of the reserves in accordance with the Investment Mandate. The Board meets at least twice a year.

BOARD COMMITTEES

The Board is supported by the investment strategies committee, investment review committee, risk committee, audit committee and the human resource and organization committee.

Investment Strategies Committee

The investment strategies committee meets regularly to review and critically evaluate the management's recommendations on asset allocation and new asset classes before the proposed changes are presented to the Board for approval. The management reports to this committee on the performance of the portfolio. The committee does not decide on specific deals or how policies should be implemented.

Investment Review Committee

The investment review committee oversees GIC's investment process and assesses the considerations for large investments. It examines the process by which decisions on specific investments are made and ensures that they are well-conceived and executed.

Risk Committee

The risk committee advises the Board on risk matters and provides broad supervision on the effectiveness of risk management policies and practices. It reviews GIC's risk profile as well as significant risk issues arising from operations and investments.

Audit Committee

The audit committee reviews and assesses the adequacy and effectiveness of the system of internal controls, including financial, operational and compliance controls, and risk management policies and procedures. It also supervises and evaluates the effectiveness of the internal audit function. The committee also reviews the integrity of the financial reporting process and other related disclosures for GIC companies, significant ethics violations, impact of changes in the regulatory and legal environment, and issues of fraud and financial losses.

Human Resource and Organization Committee

The human resource and organization committee evaluates and approves GIC's compensation policies for the group and senior management, succession planning for key appointments and oversees organizational development.

INTERNATIONAL ADVISORY BOARD

The international advisory board provides the GIC Board, board committees and management with global and regional perspectives on geopolitical, economic and market developments. It seeks to

provide advice and perspectives on a range of investment-related matters, in particular, global investment trends, emerging asset classes and new growth opportunities.

BOARDS OF ASSET MANAGEMENT COMPANIES

All three asset management companies are wholly-owned subsidiaries responsible for investing the portfolio within the guidelines set out in the Investment Mandate. Their boards, which meet at least twice a year, oversee investment strategies of the asset classes under management and review operations of the companies within group-wide policies.

GIC MANAGEMENT

The management structure is relatively flat, with clear reporting lines and accountability.

Group Executive Committee

The group executive committee, the highest management body in GIC, brings together the group's functional and investment heads. It deliberates on management proposals for investment and risk issues before these are submitted to the relevant board committees and the GIC Board. This committee also reviews and approves major personnel and business policies that apply to the entire group.

Group Management Committee

The group management committee oversees organizational development, business and personnel matters including succession planning, talent development, compensation and performance management processes.

Group Investment Committee

The group investment committee oversees and coordinates the investment activities of the group. It focuses on changes to asset allocation and reviews the risk and performance of the various asset classes. It studies business and investment initiatives, develops broad investment strategies, and deploys the teams with the appropriate investment skills to implement these strategies.

Group Risk Committee

The group risk committee oversees market, credit, technology, operational and regulatory compliance risks, and approves risk management frameworks and policies relating to these risks. The committee brings together members across the group to identify and assess strategic risk management issues that carry major implications for the company's investment strategies and operations. It highlights significant risk issues to senior management and relevant risk governance bodies where required.

GIC BOARD AND BOARD COMMITTEES

BOARD OF DIRECTORS

Chairman

LEE HSIEN LOONG

Directors

LIM HNG KIANG

THARMAN SHANMUGARATNAM

TEO CHEE HEAN

HENG SWEE KEAT

DR RICHARD HU TSU TAU

ANG KONG HUA

PETER SEAH LIM HUAT

CHEW CHOON SENG

RAYMOND LIM SIANG KEAT

LIM SIONG GUAN

NG KOK SONG

Senior Advisor

LEE KUAN YEW

INVESTMENT STRATEGIES COMMITTEE

Chairman

THARMAN SHANMUGARATNAM

Members

LIM HNG KIANG

TEO CHEE HEAN

HENG SWEE KEAT

ANG KONG HUA

PETER SEAH LIM HUAT

Advisors

SIR HOWARD J DAVIES

DR MARTIN L LEIBOWITZ

G LEONARD BAKER JR

INVESTMENT REVIEW COMMITTEE

Chairman

PETER SEAH LIM HUAT

Member

ANG KONG HUA

Advisors

G LEONARD BAKER JR

QUAH WEE GHEE

RISK COMMITTEE

Chairman

LIM HNG KIANG

Members

RAYMOND LIM SIANG KEAT

SECK WAI KWONG

Advisor

DR MARTIN L LEIBOWITZ

AUDIT COMMITTEE

Chairman

CHEW CHOON SENG

Members

DR RICHARD HU TSU TAU

RAYMOND LIM SIANG KEAT

HUMAN RESOURCE AND ORGANIZATION COMMITTEE

Chairman

ANG KONG HUA

Members

DR RICHARD HU TSU TAU

CHEW CHOON SENG

INTERNATIONAL ADVISORY BOARD

Chairman

LEE KUAN YEW

Deputy Chairman

TEO CHEE HEAN

Members

G LEONARD BAKER JR

LÉON BRESSLER

SIR HOWARD J DAVIES

STEVEN J GREEN

DR MARTIN L LEIBOWITZ

DEEPAK PAREKH

GROUP COMMITTEES

GROUP EXECUTIVE COMMITTEE

Chairman

LIM SIONG GUAN

Group President

Deputy Chairman

NG KOK SONG

Group Chief Investment Officer

Members

LIM CHOW KIAT

Deputy Group Chief Investment Officer & President, GIC Asset Management

TAY LIM HOCK

President, GIC Special Investments

GOH KOK HUAT

President, GIC Real Estate

DR CHIA TAI TEE

Chief Risk Officer

DR LESLIE TEO ENG SIPP

Chief Economist & Director, Economics & Investment Strategy

Advisors

QUAH WEE GHEE

DR TEH KOK PENG

DR SEEK NGEE HUAT

GROUP MANAGEMENT COMMITTEE

Chairman

LIM SIONG GUAN

Group President

Members

NG KOK SONG

Group Chief Investment Officer

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DR LESLIE TEO ENG SIPP

Chief Economist & Director, Economics & Investment Strategy

LIM KEE CHONG

Deputy President, GIC Asset Management

GROUP RISK COMMITTEE

Chairman

DR CHIA TAI TEE

Chief Risk Officer

Members

CHUA LEE MING

General Counsel

DR LESLIE TEO ENG SIPP

Chief Economist & Director, Economics & Investment Strategy

KWOK WAI KEONG

Global Head, Asset Management, Real Estate

NG KIN SZE

Global Head, Portfolio, Strategy & Risk Group, Special Investments

ONG HIAN LEONG

Director, Technology

JOYCE TAN SIEW PHENG

Director, Investment Operations

DEANNA ONG AUN NEE

Director, Finance & Director, Human Resource & Organization

PANG WAI YIN

Director, Risk & Performance Management

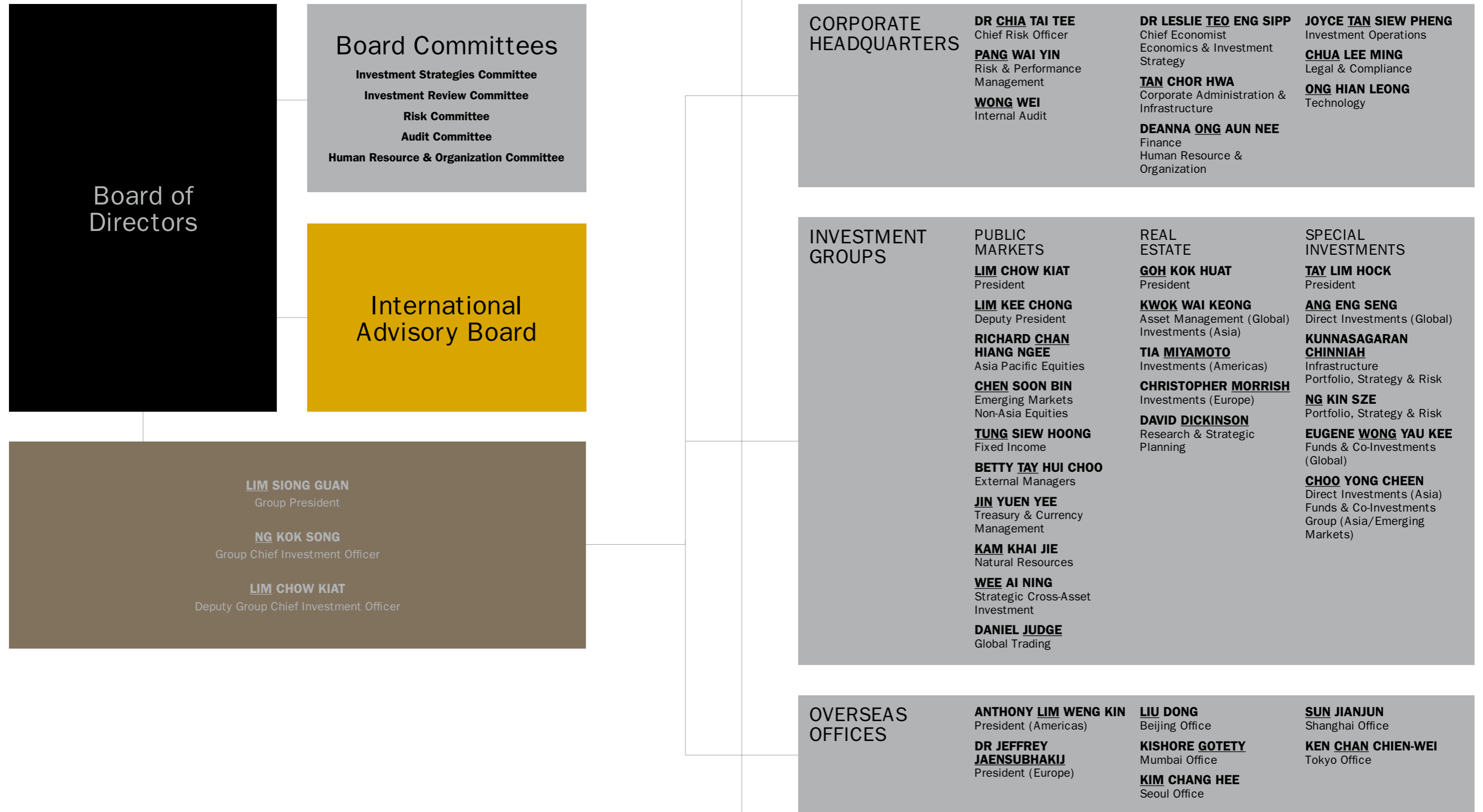
CHOY SIEW KAI

Head, Investment Services, Equities

LEONG WING KWAN

Head, Portfolio Analysis & Investment Services, Fixed Income

ORGANIZATIONAL STRUCTURE





EXECUTIVE MANAGEMENT

DR CHIA TAI TEE
Chief Risk Officer

GOH KOK HUAT
President
GIC Real Estate

LIM CHOW KIAT
Deputy Group Chief Investment Officer
President
GIC Asset Management

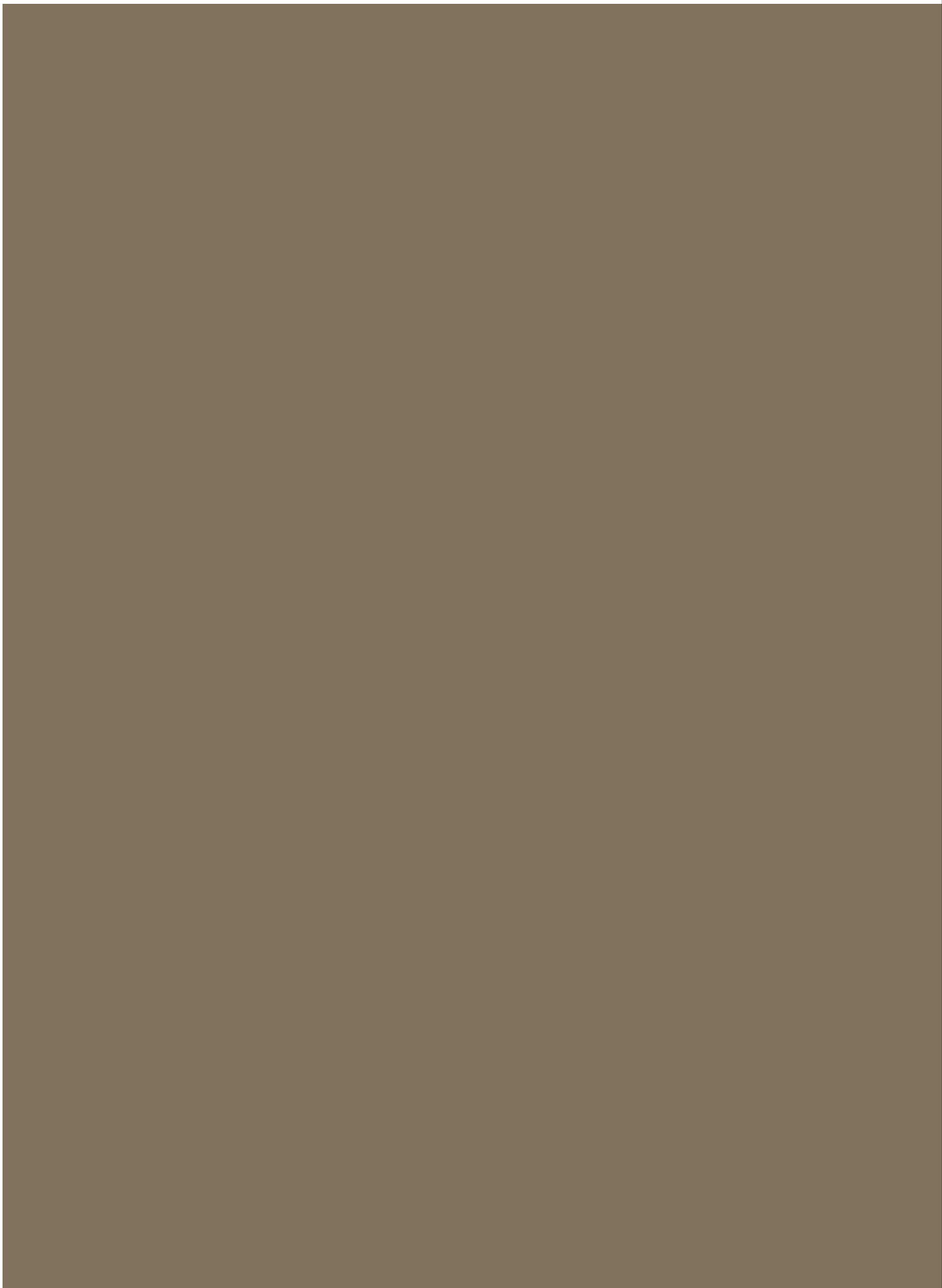
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Director
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President
GIC Special Investments

LIM SIONG GUAN
Group President

NG KOK SONG
Group Chief Investment Officer



OUR PEOPLE

Headquartered in Singapore, GIC is a global organization with offices in nine cities worldwide and an international talent pool.

OUR PEOPLE

OVERVIEW

GIC has about 1,200 employees from over 30 countries. Our talent pool comprises both new graduates and accomplished industry professionals from a wide variety of academic and industry backgrounds. We manage investments in more than 40 countries, from offices in nine cities. Our overseas staff are equipped with local knowledge to effectively manage investments in their respective regions, enabling GIC to stay on top of developments in various markets. More than half of our investment professionals are non-Singaporeans.

PEOPLE ARE KEY

People are the most important asset in GIC.

All GICians, regardless of role or location, work together for the common purpose of investing successfully for Singapore.

We look for people with a drive to learn and who are not afraid to offer their ideas and perspectives. The GIC Professionals Programme employs a stringent selection process to recruit top talent from around the world. This one-year programme includes job rotations that help participants gain insights into different areas of the organization while undergoing valuable on-the-job training. Meanwhile, the GIC Internship Programme offers promising undergraduate and postgraduate students a chance to get a head-start in the fund management business before they graduate.

Our clients are top priority, which is why we maintain good industry standards in all our practices and processes – from sourcing and executing investments to managing risk and operations – to ensure the optimal management of diverse asset classes.

At GIC, we operate as one team. By integrating the knowledge and expertise across operations, we can overcome any challenge in today's dynamic financial landscape.

EMPLOYEE DEVELOPMENT

GIC focuses on developing staff to their full potential by providing an environment for continuous learning. A Foundation Programme at every grade level ensures that everyone understands the organization's values and philosophy. GICians take charge of their own development by participating in customised development courses, learning communities, and study groups that aim to inspire new ideas. These initiatives are complemented by mentorship programmes where young professionals benefit from the counsel of experienced colleagues. Staff are also given opportunities to work in different parts of the business and in various offices to broaden their knowledge base and global insights.

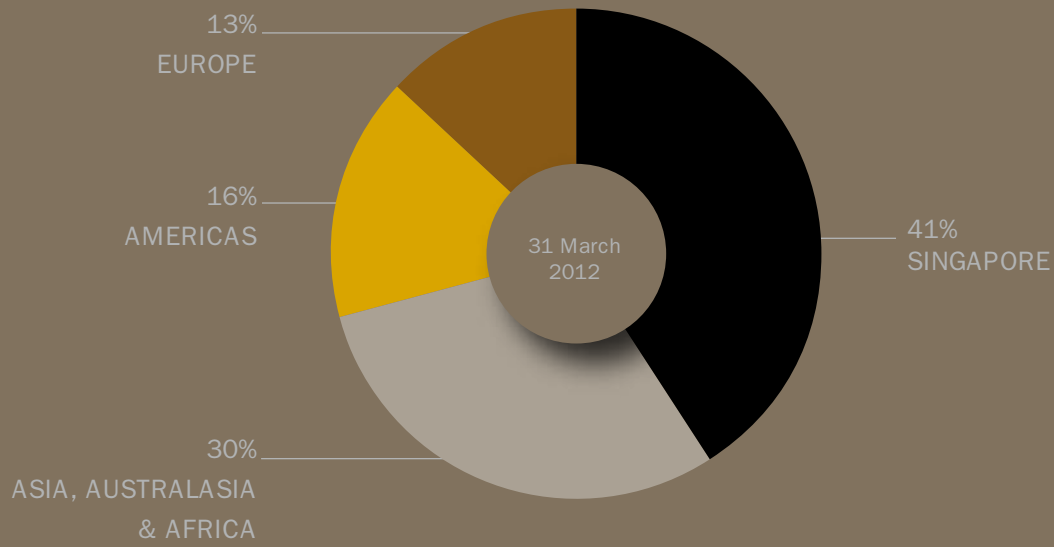
GIC has in place succession planning programmes that identify and develop capable leaders across the organization. We recognise the need for a continuing flow of people who are highly capable and deeply committed to the sustained success of the company.

Managing Directors, who are respected for their competence in their individual fields, possess the ability and willingness to drive group-wide initiatives which contribute to GIC's total business and performance. We are pleased to announce the appointment of six new Managing Directors in 2012: Ravi Balasubramanian, Suzi Cohen, Daniel Judge, Lee Kok Sun, Liew Tzu Mi and Jason Triplitt.

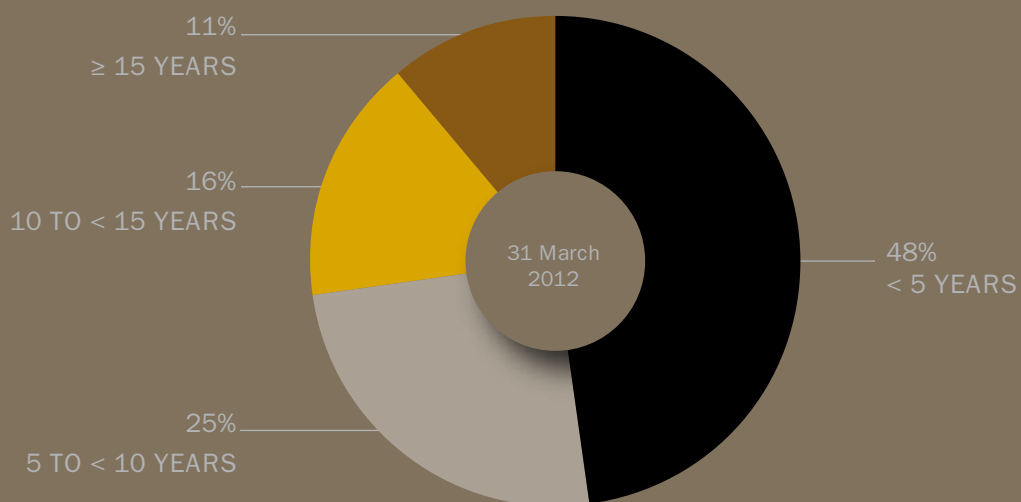
INNOVATION AND CONTINUOUS IMPROVEMENT

In order to stay nimble and to be better prepared for the future, GIC provides staff with many avenues for continuous improvement in every aspect of the business. These avenues promote a culture of responsiveness and creativity that hones each professional's ability to identify issues, initiate ideas, and implement innovative solutions.

WHERE OUR INVESTMENT PROFESSIONALS COME FROM



YEARS IN GIC



OUR OFFICES

