**KEYNOTE ADDRESS BY MR NG KOK SONG, GROUP CHIEF INVESTMENT OFFICER, GOVERNMENT OF SINGAPORE INVESTMENT CORPORATION AND CHAIRMAN, WEALTH MANAGEMENT INSTITUTE, AT CFA INSTITUTE CONFERENCE, PRIVATE WEALTH MANAGEMENT, SUCCESSFUL STRATEGIES FOR ASIA AND BEYOND, 29-30 SEP 2010**

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1 I would like to thank the CFA Institute for this opportunity to address you. Our work at the Government of Singapore Investment Corporation (GIC) is focused on wealth management, but at the national level, or sovereign wealth.

2 Nonetheless, as investors or wealth advisers, you and I share a common investment challenge. The first challenge is to discern the unfolding global economic and investment landscape. The second is to formulate and execute portfolio strategies that can exploit the opportunities or mitigate the risks. An investment sage said that successful investing consists in the timely anticipation of change. It is not sufficient to be reasonably prescient in discerning the future landscape, but we need also to have positioned the portfolio ahead of time before the future scenario is reflected or discounted in asset prices.

3 GIC recently reviewed its investment policy with regard to asset allocation in our policy portfolio. Our assessment was that the macroeconomic environment over the next ten years would be characterized by slower growth in the developed economies. This is because the excessive expansion of credit and accumulation of debt that gave rise to the global financial crisis is being unwound by a process of deleveraging and fiscal austerity. This process is likely to be prolonged. In contrast, we expect high growth in the emerging economies to continue, with expanding domestic demand offsetting slower growth in export demand.

4 GIC's internal economists expect that global GDP growth will average 3.8% in 2010, with the advanced economies growing at 2.4% and emerging Asia growing at 8%. The output level of emerging Asia has recovered fully and now stands 12% above the pre-crisis level, whereas output in the developed economies remains 2% below their level two years ago before the economic downturn.

5 In the last ten years, from 2000 to 2010, Asia's share of world GDP grew from 28% to 34%. More significantly, in terms of contribution to growth, Asia will contribute 50% to global growth this year although its share of global GDP is 34%. China's contribution to global growth will be 26% and India's 10%, compared with 15% from the United States and 10% from Euroland. Since World War II, no other country except China has changed the landscape of global growth that quickly. Without doubt, we are witnessing a shift in economic influence of seismic proportions.

6 In this new investment landscape, investors have to grapple with the contrast between deflation risk and deteriorating sovereign debt ratings in the developed economies, versus inflation risks and stronger credit ratings in the emerging economies. In anticipation of these developments, GIC has decided to increase further our investments in the emerging economies especially in Asia. This extends a strategy than began seven years ago when we carved out emerging market equities from global equities and treated it as an asset class

in its own right so that we would have a meaningful exposure. We have benefitted from this strategy as over the last seven years the market index for emerging Asian equities returned 14.4% per year compared with 4.6% for developed market equities. As of 31 March this year, GIC's exposure to emerging markets in public equities alone was 10% or about one-fifth of global public equities.

7 Goldman Sachs recently projected that in the next 10 years to 2020, the emerging market share of global market capitalisation will rise from 31% currently to 44%. Adjusting for lower free float ratios and foreign investment restrictions, notably for China, the benchmark index weight is expected to rise from 13% currently to 19% in 2020.

8 It is clear that the "home country" bias for many institutional investors will increasingly undergo a mindset change. This change is necessary not only in asset allocation, but also in the investment process. For example, although GIC's headquarters here in Singapore can adequately cover the Asian markets, we have located investment professionals in our offices in Shanghai, Beijing, Tokyo, Seoul and Mumbai. This intensive coverage is to develop local, on the ground expertise, and to access investment opportunities directly. Moreover, while publicly listed equities is likely to remain GIC's main implementation vehicle for our emerging market strategy, our view is that the private markets such as real estate and private equities will present even more rewarding opportunities.

9 I like to now put on my other hat as Chairman of the Wealth Management Institute. Seven years ago, in 2003, Temasek Holdings and GIC collaborated in setting up WMI. The objective was to develop and expand the then small pool of talent and expertise in wealth management. We were anticipating the growing demand for private banking and asset management services in the Asian region. I am happy to note that in the last seven years, WMI has trained more than 2000 wealth management professionals. Our flagship programme – the Masters of Science in Wealth Management in collaboration with the Singapore Management University - is now in its seventh year. 300 students have come from 18 countries in Asia and beyond. Our certificate and advanced certificate programmes in private banking, and specialized courses in trust and estate planning, have also enjoyed strong enrollment and have received tremendous support and recognition from industry partners.

10 My colleagues and I at WMI are pleased that rapid economic growth in Asia has created substantial wealth and generated increasing demand for wealth management services. Industry consulting groups estimated that, in 2009, for the first time, there were as many high net worth individuals in Asia as in Europe. Furthermore, over the next few years, it is expected that high net worth individuals in Asia outside Japan will see their wealth grow at the fastest rate compared to other HNWI's in other regions of the world. As Singapore fulfills its aspiration as a leading wealth management centre, WMI will continue to make a contribution in the training and development of wealth management professionals.

11 I wish all of you a fruitful conference. And to those of you who are visiting Singapore, I wish you an enjoyable stay.

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