

Opening Remarks by GIC CEO Lim Chow Kiat at GIC Japan Partners Event

This is an edited opening address given by GIC's CEO Lim Chow Kiat at a partners event to celebrate the expansion and relocation of the firm's Japan office.

GIC is honoured to host our partners this afternoon. This event celebrates the deep and enduring partnerships that GIC has built in Japan over the decades. It is also an opportunity to reaffirm our commitment to expanding these relationships and to showcase the strength of our partnerships with many of Japan's leading corporates. Looking around the room, we are privileged to be joined by some of the best in corporate Japan. This is a testament to the trust and partnership that have been built over GIC's more than 40 years of presence in this market.

GIC's purpose and mission

Allow me to share a brief overview of GIC's origins and purpose. GIC was established in 1981 by then-Deputy Prime Minister Dr Goh Keng Swee to manage Singapore's reserves for the long term. The idea was simple yet very innovative at that time — to invest the nation's surplus funds not for short-term gains, but to preserve and enhance its value over generations. Our mission remains consistent and clear: to preserve and enhance the international purchasing power of the reserves under our management over the long term. Every GIC employee knows this by heart as it is the guiding principle behind all that we do.

Our Japan team exemplifies this mission and has delivered on it. Their strong performance reflects not only their dedication to the business, but also the invaluable support from our partners here. Together, we have deployed significant capital across asset classes, and increasingly into corporate Japan, as the economy undergoes transformation. Japan continues to be a key part of our global portfolio — both as a source of diversification and as a market of opportunity.

Investment environment

Today, we're in a world of unconventional developments. The global environment is shaped by three major forces — geopolitics, intelligence, and climate change. Each presents both risks and opportunities. Geopolitics has become more complex. The world is increasingly multipolar, with shifting spheres of influence and growing emphasis on resilience and security. In the past, geopolitical events often created buying opportunities in dislocations that investors could take advantage of. Today, the dynamics are more nuanced. Multipolarity may sound stabilising, but history has shown that it can bring greater volatility. However, these developments can also create new opportunities. As an example, all countries are now thinking hard about increased resilience, independence, security, and defense. All of this requires capital, innovation, and collaboration, which are all where GIC and our partners can play a meaningful role in.

The second force is intelligence, by which I mean artificial intelligence (AI). AI is transforming industries and investment landscapes. GIC participates across four parts of the AI value chain. First, we invest selectively in the early part of the value chain, in early-stage technologies such as large language models, where picking winners is crucial. Second, we allocate capital to enablers, including energy and semiconductor infrastructure, where Japan plays a significant role given its exposure to semiconductor materials. Third, we invest in monetisers, which are companies that integrate AI into products and services to create value. Finally, we invest in adopters, which we are ourselves too as we use AI internally to improve investment decision-making, trade



processing, and operational efficiency. We see AI as a long-term, transformational force that everyone must embrace.

The third force is climate change. While it receives less attention today, it remains a critical challenge. As a long-term investor, GIC is active in both mitigation and adaptation efforts. Adaptation, in particular, appears to be a more realistic and larger market where we can do more in. Climate change is not going away, and we will continue to engage with partners to address it.

Opportunities in Japan

In managing a global portfolio, diversification remains our foundation. It enables resilience amid uncertainty and volatility. But diversification alone is not enough. We must also identify specific themes and trends to allocate capital in that can generate outsized returns. Japan fits both criteria. As a large, sophisticated economy with its own unique ecosystem, financial system, and macroeconomic dynamics, it adds valuable diversification to our global portfolio. At the same time, the structural changes in Japan also present compelling opportunities to us.

Two key trends in recent years stand out to us. First, Japan's exit from the deflation era. After decades of deflation, the past three years have seen inflation consistently on the upside, above the Bank of Japan's 2% target. This marks a positive shift, enabling companies to grow revenues, benefit from operating leverage, and get relief from real debt burden. We believe Japan has left the era of deflation and entered one of inflation or reflation. This is a window we view positively.

Second, corporate reforms. Governance reforms are reshaping corporate Japan. Many companies are focusing on capital efficiency and improving shareholder returns through buybacks and better capital allocation. We expect further progress in increasing capital efficiency, such as through consolidation in fragmented industries, which offers opportunities for economies of scale, expansion of market, and spin-offs. There will also be situations of business succession that require external capital and expertise to play a role. Japan may be entering a stage where companies must decide between reinvesting for growth or returning more to shareholders. Institutions like GIC can play a constructive role in that process.

GIC's commitment to Japan

The diversification that Japan provides, as well as the opportunities it presents for more capital deployment, makes it an attractive market for long-term investment. Its high-quality goods and services continue to meet global needs. GIC, along with many of our partners, is proud to play a part in powering this transformation by lending our long-term capital and expertise, and by connecting Japanese businesses to our global network.

GIC's presence in Japan spans more than four decades and we continue to stay committed to the market. We recently moved into a new office and have a team of 40 professionals dedicated to Japanese investments globally. Over the next three years, we have room to expand our headcount of local investment professionals by 50%, which reflects our confidence in the market and our commitment to deepening our partnerships here.

We are here in Japan not just to stay, but to expand. We look forward to continue being a collaborative and value-adding partner and are excited for the opportunities ahead.

Thank you all for your partnership and support.