

**ADDRESS BY MINISTER MENTOR LEE KUAN YEW AT THE GIC  
30<sup>TH</sup> ANNIVERSARY DINNER ON 9 MAY 2011 AT SHANGRI-LA  
HOTEL**

Distinguished Guests  
Ladies and Gentlemen,

I am delighted to welcome the current and former members of the Board, friends in public service, GIC's business partners, together with staff of GIC to this dinner to celebrate GIC's 30<sup>th</sup> Anniversary. Thank you all for your presence tonight and your contributions to GIC's success over the years.

The establishment of GIC in 1981 reflected the high priority accorded by the Singapore government, especially the late Dr Goh Keng Swee who was then Deputy Prime Minister, to manage Singapore's long term reserves more rationally, strategically and professionally.

As we celebrate GIC's 30th anniversary, we should remember why GIC is vital to Singapore's national interest. First, Singapore is highly exposed to the vagaries of the global economy. Our national reserves are a buffer or shock absorber for Singapore in downturns like that in 2009. It helped us to keep jobs with the job credit scheme. Second, a strong national balance sheet fosters investor confidence and hence enhances the stability of the Singapore dollar. Third, income from our reserves supplement government revenues. To sustain our policy of building the reserves, we need a capable reserve manager like GIC to invest the funds with a long term orientation and garner good returns.

The vision to create GIC was original, bold and forward looking. When GIC was established, the idea that a country should manage its reserves for long term returns was unconventional. Some even considered it irresponsible to invest our foreign reserves in risky assets like equities. Today, however, many countries have established sovereign wealth funds of their own.

GIC recognized early that talent would be the key to success. One of the most important reasons for the creation of GIC was to enable the hiring, developing, and retaining of the best talent. We

have been successful. Another reason was also to ensure that Singapore was able to develop the essential capability of managing our reserves ourselves so that we could better control our long term destiny. Meritocracy and excellence are core tenets of GIC's culture today.

We have also been willing to embark on new strategies and take calculated risks in order to attain good returns. GIC was an early investor in real estate. We were also early movers in Emerging Markets, particularly Singapore's ASEAN neighbours and China.

The results speak for themselves. Since inception, GIC has preserved and enhanced the purchasing power of Singapore's reserves, outpacing global inflation by a comfortable margin. Compared with the popular high-return asset class of equities, which returned 10.2% per annum in nominal USD terms since 1981, the GIC portfolio made comparable returns with less risk.

GIC now has over 1000 staff in 9 offices around the world. GIC has grown to become a widely respected investment manager in the industry, known for scale, prudence, competence and integrity.

The GIC's 30<sup>th</sup> anniversary is a time to celebrate our past successes. It is also a time to reflect on what we must do to meet future challenges. Just like 30 years ago, the future economic and investment environment appears unusually uncertain. The ever-deepening complexity of global financial markets has not abated, while the Global Financial Crisis has left many financial institutions, and the trust in them, much the worse for wear. It will take time to work through the full consequences of the Crisis, such as the huge amounts of debt that developed countries have taken on. Furthermore, the turmoil in the Middle East has elevated geopolitical risks.

At the same time, the rise of the emerging world – particularly China and India – is of unprecedented scale economically and politically in recent history. We must expect more complex growth and inflation prospects and more complicated relationships and competition between countries. The rise of emerging economies will not only change geopolitical dynamics, but will also put immense pressure on natural resources and the environment. All these will drive policy and technological changes that will change the world and create new long term investment opportunities and risks.

The next 30 years looks challenging. The investment outlook could be less benign.

In uncertain times, we must maintain certainty of purpose and thoughtfulness in direction, remaining true to our core values. First, GIC must continue to hire, develop and retain the best talent. They must be led by visionary leaders with the highest level of integrity. This will remain the primary foundation for future success. We must motivate our staff to pursue excellence, and to avoid complacency. We must also focus on developing future leaders to remain a dynamic organization.

Second, GIC must maintain the highest reputation, conducting itself in a manner that is beyond reproach. This is a key strength of GIC, given the various possible conflicts of interest that have been revealed by the Global Financial Crisis.

Third, GIC must have the courage and conviction to take original, bold, strategic, and forward-looking decisions. It must continue to be resourceful and adaptable. As GIC grows larger and more established, the impetus to follow conventional practices will grow stronger. This could lead to mediocrity. GIC must develop the capacity and courage to make the right decisions, thinking in depth and foresight for what works best for us, even if the decisions are at times unconventional.

Finally, GIC must capitalize on its global reach, multi-asset class capabilities, and long-term perspective. Such a perspective not only enables GIC to harvest good returns, it also helps build key relationships with governments, and partnerships with investors. Having a long-term perspective also means that GIC has the time and stamina to build strategic expertise and in-depth knowledge in new investment areas.

Nobody knows what the future holds. GIC has done well over the last 30 years. If GIC stays true to its original vision and values, GIC can continue to do well over the next 30 years.