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GIC Implements New Investment Framework; Reports Steady Long-Term Returns

GIC has implemented a new investment framework to manage its portfolio in the changing environment post the global financial crisis. The new framework capitalises on GIC's core strengths: a long-term perspective, a global presence, a skilled and experienced team, and the ability to invest in cross-asset opportunities.

This new investment framework explicitly isolates three drivers of GIC's long-term performance. First, the *Reference Portfolio*, based on a balance of 65% global equity and 35% bond market indices, defines the amount of risk the Government is prepared to have GIC take. Second, the *Policy Portfolio* represents GIC's asset allocation strategy to improve long-term returns compared to the passive Reference Portfolio. Third, the *Active Portfolio* allows the GIC management to execute skill-based and opportunistic strategies.

Mr Lim Chow Kiat, Group Chief Investment Officer: "We reviewed our investment approach and critical assumptions about our client's risk and return expectations, to enable GIC to continue delivering steady returns exceeding global inflation. The new framework defines more clearly GIC's risk and return drivers, its long-term investment objectives, and the responsibilities of the GIC Board and management."

In the annual report released today, GIC reported steady long-term investment returns on the foreign reserves of the Singapore Government. The GIC Portfolio's 20-year annualised real rate of return for the year ended 31 March 2013 is 4.0%, compared to 3.9% the previous year. This means that over 20 years, GIC has enhanced the portfolio with a return averaging 4.0% per year on top of having protected the portfolio against global inflation.

Mr Lim Siong Guan, Group President: "In this year's report, we continue to offer specific insights into GIC's investment considerations. The feature article on *GIC's New Investment Framework* describes this framework against the perspective of GIC's evolving investment approach since its founding. We constantly optimise our investment model with changing conditions, because we are ever conscious of our responsibility to contribute to the well-being of current and future generations of Singaporeans."

The full report on the management of the GIC Portfolio for the year 2012/2013 is available at www.gic.com.sg.

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