



OPENING STATEMENT BY DEPUTY CHAIRMAN AND EXECUTIVE DIRECTOR, DR TONY TAN KENG YAM, AT THE LAUNCH OF THE “REPORT ON THE MANAGEMENT OF THE GOVERNMENT’S PORTFOLIO FOR THE YEAR 2007/08” ON 23 SEPTEMBER 2008

Welcome Remarks

1. A warm welcome to all of you this morning to the launch of GIC’s first “Report on the Management of the Government’s Portfolio for the Year 2007/08”.
2. The release of the Report is a significant milestone in GIC’s history. The Report describes how GIC is managed, how it invests its funds and develops its people, and how its portfolio has performed globally since its founding in 1981.
3. Let me explain at the outset GIC’s objectives in releasing this Report and the information contained in it.

Why Release this Report?

4. At the World Economic Forum meeting in Davos, Switzerland in January this year, I had stated that GIC was preparing to put out a formal document to provide more information on its purpose, processes, governance, goals and its values.
5. GIC believes such clarity and disclosure will benefit both the Singapore public and the international investment community. Indeed, with the global spotlight trained on sovereign wealth funds or SWFs in the past 2 years, there is clearly much interest in how GIC, as a 27-year-old SWF, invests and operates.
6. With the release of this document, I hope that the global community will also appreciate the context and circumstances in which GIC operates, and be assured that GIC has and will always invest for only one purpose – to achieve sustainable financial returns for the Government of Singapore’s assets.

Rate of Return & Asset Mix

7. In fact, GIC’s sole mission of preserving and enhancing Singapore’s foreign reserves has held steadfast throughout its 27-year history.
8. GIC’s nominal annual rate of return over the 20-year period ended 31 March 08 is 5.8% in Singapore dollar terms, or 7.8% in US dollar terms.
9. GIC’s investment objective is to achieve a reasonable rate of return above global inflation with due regard to risks. GIC has met the investment objective by achieving an annualised real return of 4.5% over the same period, that is the 20-year period ended 31 Mar

08, despite global shocks like the dotcom bubble burst, the Asian financial crisis and the ongoing credit turmoil in the international financial markets.

10. One key strategy has been the way GIC has diversified its asset class distribution over the years – always focusing on long-term financial gains.

11. While public equities still make up the bulk of investments, GIC has also moved into asset classes like real estate, private equity and other alternative instruments.

Governance

12. How does GIC make, modify and execute such investment decisions? This brings me to the critical issue of governance.

13. GIC is a professional fund management company responsible for investing Singapore's reserves. The Ministry of Finance provides the funds, pays GIC a fee and sets investment objectives and risk parameters. So the Government of Singapore is the client and fund owner, and GIC is its fund manager. That's why before GIC reveals any information on the funds, the Government must give the go-ahead.

14. Within GIC itself, the separation of roles and functions is clear.

15. The Board of Directors of GIC is responsible for setting asset allocation strategies and the overall performance of the portfolio. The management team executes these strategies with full autonomy to decide where and how to invest within pre-determined parameters.

16. You will find a full list of names and titles of GIC's Board members and external advisors, as well as the entire GIC management team, in the Report.

Concluding Remarks

17. Let me conclude by thanking all staff members in GIC who have worked long and hard to produce this Report over the past few months. This is not the end. Going forward, GIC will continue to make appropriate information available as and when it is feasible to do so.

18. For now, I hope this first Report will give Singaporeans and the international community a better understanding of GIC. My colleagues and I will certainly continue to do our utmost to fulfil GIC's mission of building up Singapore's foreign reserves in these challenging economic times.

19. My colleagues and I will be now happy to take any questions you may have on the Report and on GIC.
